



# Landlord and Tenant Act 1987

## 1987 CHAPTER 31

An Act to confer on tenants of flats rights with respect to the acquisition by them of their landlord's reversion; to make provision for the appointment of a manager at the instance of such tenants and for the variation of long leases held by such tenants; to make further provision with respect to service charges payable by tenants of flats and other dwellings; to make other provision with respect to such tenants; to make further provision with respect to the permissible purposes and objects of registered housing associations as regards the management of leasehold property; and for connected purposes. [15th May 1987]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### PART I

#### TENANTS' RIGHTS OF FIRST REFUSAL

##### *Preliminary*

#### **1 Qualifying tenants to have rights of first refusal on disposals by landlord**

- (1) A landlord shall not make a relevant disposal affecting any premises to which at the time of the disposal this Part applies unless—
- (a) he has in accordance with section 5 previously served a notice under that section with respect to the disposal on the qualifying tenants of the flats contained in those premises (being a notice by virtue of which rights of first refusal are conferred on those tenants); and
  - (b) the disposal is made in accordance with the requirements of sections 6 to 10.
- (2) Subject to subsections (3) and (4), this Part applies to premises if—

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- (a) they consist of the whole or part of a building; and
  - (b) they contain two or more flats held by qualifying tenants; and
  - (c) the number of flats held by such tenants exceeds 50 per cent. of the total number of flats contained in the premises.
- (3) This Part does not apply to premises falling within subsection (2) if—
- (a) any part or parts of the premises is or are occupied or intended to be occupied otherwise than for residential purposes; and
  - (b) the internal floor area of that part or those parts (taken together) exceeds 50 per cent. of the internal floor area of the premises (taken as a whole);
- and for the purposes of this subsection the internal floor area of any common parts shall be disregarded.
- (4) This Part also does not apply to any such premises at a time when the interest of the landlord in the premises is held by an exempt landlord or a resident landlord.
- (5) The Secretary of State may by order substitute for the percentage for the time being specified in subsection (3)(b) such other percentage as is specified in the order.

## **2 Landlords for the purposes of Part I**

- (1) Subject to subsection (2), a person is for the purposes of this Part the landlord in relation to any premises consisting of the whole or part of a building if he is—
- (a) the immediate landlord of the qualifying tenants of the flats contained in those premises, or
  - (b) where any of those tenants is a statutory tenant, the person who, apart from the statutory tenancy, would be entitled to possession of the flat in question.
- (2) Where the person who is, in accordance with subsection (1), the landlord in relation to any such premises for the purposes of this Part ("the immediate landlord") is himself a tenant of those premises under a tenancy which is either—
- (a) a tenancy for a term of less than seven years, or
  - (b) a tenancy for a longer term but terminable within the first seven years at the option of the person who is the landlord under that tenancy ("the superior landlord"),
- the superior landlord shall also be regarded as the landlord in relation to those premises for the purposes of this Part and, if the superior landlord is himself a tenant of those premises under a tenancy falling within paragraph (a) or (b) above, the person who is the landlord under that tenancy shall also be so regarded (and so on).

## **3 Qualifying tenants**

- (1) Subject to the following provisions of this section, a person is for the purposes of this Part a qualifying tenant of a flat if he is the tenant of the flat under a tenancy other than—
- (a) a protected shorthold tenancy as defined in section 52 of the Housing Act 1980;
  - (b) a tenancy to which Part II of the Landlord and Tenant Act 1954 (business tenancies) applies; or
  - (c) a tenancy terminable on the cessation of his employment.

- (2) A person is not to be regarded as being a qualifying tenant of any flat contained in any particular premises consisting of the whole or part of a building if—
  - (a) he is the tenant of any such flat solely by reason of a tenancy under which the demised premises consist of or include—
    - (i) the flat and one or more other flats, or
    - (ii) the flat and any common parts of the building; or
  - (b) he is the tenant of more than 50 per cent. of the total number of flats contained in those premises.
- (3) For the purposes of subsection (2)(b) any tenant of a flat contained in the premises in question who is a body corporate shall be treated as the tenant of any other flat so contained and let to an associated company.
- (4) A tenant of a flat whose landlord is a qualifying tenant of that flat is not to be regarded as being a qualifying tenant of that flat.

#### **4 Relevant disposals**

- (1) In this Part references to a relevant disposal affecting any premises to which this Part applies are references to the disposal by the landlord of any estate or interest (whether legal or equitable) in any such premises, including the disposal of any such estate or interest in any common parts of any such premises but excluding—
  - (a) the grant of any tenancy under which the demised premises consist of a single flat (whether with or without any appurtenant premises); and
  - (b) any of the disposals falling within subsection (2).
- (2) The disposals referred to in subsection (1)(b) are—
  - (a) a disposal of—
    - (i) any interest of a beneficiary in settled land within the meaning of the Settled Land Act 1925,
    - (ii) any interest under a mortgage, or
    - (iii) any incorporeal hereditament;
  - (b) a disposal to a trustee in bankruptcy or to the liquidator of a company;
  - (c) a disposal in pursuance of an order made under section 24 or 24A of the Matrimonial Causes Act 1973 or section 2 of the Inheritance (Provision for Family and Dependants) Act 1975;
  - (d) a disposal in pursuance of a compulsory purchase order or in pursuance of an agreement entered into in circumstances where, but for the agreement, such an order would have been made or (as the case may be) carried into effect;
  - (e) a disposal by way of gift to a member of the landlord's family or to a charity;
  - (f) a disposal by one charity to another of an estate or interest in land which prior to the disposal is functional land of the first-mentioned charity and which is intended to be functional land of the other charity once the disposal is made;
  - (g) a disposal consisting of the transfer of an estate or interest held on trust for any person where the disposal is made in connection with the appointment of a new trustee or in connection with the discharge of any trustee;
  - (h) a disposal consisting of a transfer by two or more persons who are members of the same family either—
    - (i) to fewer of their number, or

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- (ii) to a different combination of members of the family (but one that includes at least one of the transferors);
  - (i) a disposal in pursuance of—
    - (i) any option or right of pre-emption binding on the landlord (whether granted before or after the commencement of this section), or
    - (ii) any other obligation binding on him and created before that commencement;
  - (j) a disposal consisting of the surrender of a tenancy in pursuance of any covenant, condition or agreement contained in it;
  - (k) a disposal to the Crown; and
  - (l) where the landlord is a body corporate, a disposal to an associated company.
- (3) In this Part "disposal" means a disposal whether by the creation or the transfer of an estate or interest and—
- (a) includes the surrender of a tenancy and the grant of an option or right of pre-emption, but
  - (b) excludes a disposal under the terms of a will or under the law relating to intestacy;
- and references in this Part to the transferee in connection with a disposal shall be construed accordingly.
- (4) In this section "appurtenant premises", in relation to any flat, means any yard, garden, outhouse or appurtenance (not being a common part of the building containing the flat) which belongs to, or is usually enjoyed with, the flat.
- (5) A person is a member of another's family for the purposes of this section if—
- (a) that person is the spouse of that other person, or the two of them live together as husband and wife, or
  - (b) that person is that other person's parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece.
- (6) For the purposes of subsection (5)(b)—
- (a) a relationship by marriage shall be treated as a relationship by blood.
  - (b) a relationship of the half-blood shall be treated as a relationship of the whole blood,
  - (c) the stepchild of a person shall be treated as his child, and
  - (d) an illegitimate child shall be treated as the legitimate child of his mother and reputed father.

#### *Notices conferring rights of first refusal*

### **5 Requirement to serve notice conferring rights of first refusal**

- (1) Where, in the case of any premises to which this Part applies, the landlord proposes to make a relevant disposal affecting the premises, he shall serve a notice under this section on the qualifying tenants of the flats contained in the premises.
- (2) A notice under this section must—
  - (a) contain particulars of the principal terms of the disposal proposed by the landlord, including in particular—

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- (i) the property to which it relates and the estate or interest in that property proposed to be disposed of, and
    - (ii) the consideration required by the landlord for making the disposal;
  - (b) state that the notice constitutes an offer by the landlord to dispose of the property on those terms which may be accepted by the requisite majority of qualifying tenants of the constituent flats;
  - (c) specify a period within which that offer may be so accepted, being a period of not less than two months which is to begin with the date of service of the notice; and
  - (d) specify a further period within which a person or persons may be nominated for the purposes of section 6, being a period of not less than two months which is to begin with the end of the period specified under paragraph (c).
- (3) Where, as the result of a notice under this section being served on different tenants on different dates, the period specified in the notice under subsection (2)(c) would, apart from this subsection, end on different dates—
- (a) the notice shall have effect in relation to all the qualifying tenants on whom it is served as if it provided for that period to end with the latest of those dates, and for the period specified in the notice under subsection (2)(d) to begin with the end of that period; and
  - (b) references in this Part to the period specified in the notice under subsection (2)(c) or (as the case may be) subsection (2)(d) shall be construed accordingly.
- (4) Where a landlord has not served a notice under this section on all of the qualifying tenants on whom it was required to be served by virtue of subsection (1), he shall nevertheless be treated as having complied with that subsection if—
- (a) he has served such a notice on not less than 90 per cent. of the qualifying tenants on whom it was so required to be served, or
  - (b) where the qualifying tenants on whom it was so required to be served number less than ten, he has served such a notice on all but one of them.
- (5) Where a landlord proposes to effect a transaction that would involve both—
- (a) a disposal of an estate or interest in the whole or part of a building constituting a relevant disposal affecting any premises to which this Part applies, and
  - (b) a disposal of an estate or interest in the whole or part of another building (whether or not constituting a relevant disposal affecting any premises to which this Part applies) or more than one such disposal,
- the landlord shall, for the purpose of complying with this section in relation to any relevant disposal falling within paragraph (a) or (b) above, sever the transaction in such a way as to secure that, in the notice served by him under this section with respect to that disposal, the terms specified in pursuance of subsection (2)(a) are the terms on which he is willing to make that disposal.
- (6) References in this Part to the requisite majority of qualifying tenants of the constituent flats are references to qualifying tenants of those flats with more than 50 per cent. of the available votes; and for the purposes of this subsection—
- (a) the total number of available votes shall be determined as follows, namely—
    - (i) in a case where a notice has been served under this section, that number shall correspond to the total number of constituent flats let to qualifying tenants on the date when the period specified in that notice under subsection (2)(c) expires,

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- (ii) in a case where a notice is served under section 11 without a notice having been previously served under this section, that number shall correspond to the total number of constituent flats let to qualifying tenants on the date of service of the notice under section 11, and
  - (iii) in a case where a notice is served under section 12 or 15 without a notice having been previously served under this section or under section 11, that number shall correspond to the total number of constituent flats let to qualifying tenants on the date of service of the notice under section 12 or 15; and
  - (b) there shall be one available vote in respect of each of the flats so let on the date referred to in the relevant provision of paragraph (a) which shall be attributed to the qualifying tenant to whom it is let.
- (7) Nothing in this Part shall be construed as requiring the persons constituting the requisite majority of qualifying tenants in any one context to be the same as the persons constituting any such majority in any other context.
- (8) For the purposes of—
- (a) subsection (2) above and sections 6 to 10, and
  - (b) subsection (6) above so far as it has effect for the purposes of those provisions, a flat is a constituent flat if it is contained in the premises affected by the relevant disposal with respect to which the notice was served under this section; and for the purposes of sections 11 to 17, and subsection (6) above so far as it has effect for the purposes of those sections, a flat is a constituent flat if it is contained in the premises affected by the relevant disposal referred to in section 11(1)(a).

## **6 Acceptance of landlord's offer**

- (1) Where—
- (a) the landlord has, in accordance with the provisions of section 5, served an offer notice on the qualifying tenants of the constituent flats, and
  - (b) within the period specified in that notice under section 5(2)(c), a notice is served on him by the requisite majority of qualifying tenants of the constituent flats informing him that the persons by whom it is served accept the offer contained in his notice,
- the landlord shall not during the relevant period dispose of the protected interest except to a person or persons nominated for the purposes of this section by the requisite majority of qualifying tenants of the constituent flats.
- (2) In subsection (1) "the relevant period" means—
- (a) in every case, the period beginning with the date of service of the acceptance notice and ending with the end of the period specified in the offer notice under section 5(2)(d), and
  - (b) if any person is nominated for the purposes of this section within that period, an additional period of three months beginning with the end of the period so specified.
- (3) If no person has been nominated for the purposes of this section during the period so specified, the landlord may, during the period of 12 months beginning with the end of that period, dispose of the protected interest to such person as he thinks fit, but subject to the following restrictions, namely—

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- (a) that the consideration required by him for the disposal must not be less than that specified in the offer notice, and
  - (b) that the other terms on which the disposal is made must, so far as relating to any matters covered by the terms specified in the offer notice, correspond to those terms.
- (4) It is hereby declared that the entitlement of a landlord, by virtue of subsection (3) or any other corresponding provision of this Part, to dispose of a particular estate or interest in any property during a specified period of 12 months extends only to a disposal of that estate or interest in the property, and accordingly the requirements of section 1(1) must be satisfied with respect to any other disposal by him affecting that property and made during that period of 12 months (unless the disposal is not a relevant disposal affecting any premises to which at the time of the disposal this Part applies).
- (5) A person nominated for the purposes of this section by the requisite majority of qualifying tenants of the constituent flats may only be replaced by another person so nominated if he has (for any reason) ceased to be able to act as a person so nominated.
- (6) Where two or more persons have been so nominated and any of them ceases to act as such a person without being replaced in accordance with subsection (5), any remaining person or persons so nominated shall be entitled to continue to act in his or their capacity as such.
- (7) Where subsection (1) above applies to the landlord, and he is precluded by virtue of any covenant, condition or other obligation from disposing of the protected interest to the nominated person unless the consent of some other person is obtained, then, subject to subsection (8)—
- (a) he shall use his best endeavours to secure that the consent of that person to that disposal is given, and
  - (b) if it appears to him that that person is obliged not to withhold his consent unreasonably but has nevertheless so withheld it, he shall institute proceedings for a declaration to that effect.
- (8) Subsection (7) shall not apply once a notice is served by or on the landlord in accordance with any provision of section 9 or 10.
- (9) In this Part—
- "acceptance notice" means a notice served on the landlord in pursuance of subsection (1)(b);
  - "offer notice" means a notice served under section 5; and
  - "the protected interest" means (subject to section 9(9)) any such estate or interest in any property as is specified in an offer notice in pursuance of section 5(2)(a).

## **7 Rejection of landlord's offer: counter-offer by tenants**

- (1) Where—
- (a) a landlord has, in accordance with section 5, served an offer notice on the qualifying tenants of the constituent flats, and
  - (b) an acceptance notice is not served on the landlord by the requisite majority of qualifying tenants of the constituent flats within the period specified in the offer notice under section 5(2)(c), and
  - (c) paragraph (b) of subsection (2) below does not apply,

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the landlord may, during the period of 12 months beginning with the end of that period, dispose of the protected interest to such person as he thinks fit, but subject to the restrictions mentioned in section 6(3)(a) and (b).

(2) Where—

- (a) a landlord has served an offer notice as mentioned in subsection (1)(a), and
- (b) within the period specified in the offer notice under section 5(2)(c), a notice is served on the landlord by the requisite majority of qualifying tenants of the constituent flats stating that the persons by whom it is served are making him a counteroffer for the acquisition by them of such estate or interest in the property specified in the offer notice under section 5(2)(a) as is specified in their notice,

the landlord shall serve on such person as is specified in that notice in pursuance of subsection (3)(b) a notice which either accepts the counteroffer or rejects it.

(3) Any notice making a counter-offer in accordance with subsection (2)(b) must specify—

- (a) the terms (including those relating to the consideration payable) on which the counter-offer is made; and
- (b) the name and address of a person on whom any notice by the landlord under subsection (2) is to be served.

(4) If the landlord serves a notice under subsection (2) above accepting the counter-offer, section 6(1) and the other provisions of section 6 shall apply to him as if an acceptance notice had been served on him as mentioned in section 6(1)(b), except that—

- (a) any reference to the protected interest shall be read as a reference to any such estate or interest as is specified in the notice making the counter-offer in accordance with subsection (2)(b) above;
- (b) any reference in section 6(3) to the offer notice shall be read as a reference to the notice making the counter-offer; and
- (c) where the landlord's notice is served under subsection (2) above after the end of the period specified under section 5(2)(c), section 6(2) and (3) shall have effect as if the period specified under section 5(2)(d) began with the date of service of the landlord's notice.

(5) If the landlord serves a notice under subsection (2) above rejecting the counter-offer, then, unless it is a notice falling within section 8(1), subsection (1) above shall apply to him as if no such notice as is mentioned in subsection (2)(b) above had been served on him (except that where he serves his notice under subsection (2) above after the end of the period specified under section 5(2)(c), subsection (1) above shall have effect as if the period of 12 months there mentioned began with the date of service of that notice).

## **8 Fresh offer by landlord: further negotiations between parties**

(1) This section applies where the landlord serves a notice under subsection (2) of section 7 rejecting a counter-offer but the notice—

- (a) states that it constitutes a fresh offer by the landlord to dispose of an estate or interest in the property specified in the offer notice under section 5(2)(a) which may be accepted by the requisite majority of qualifying tenants of the constituent flats;



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- (b) contains particulars of the estate or interest in that property which he proposes to dispose of, the consideration required by him for the disposal and the other principal terms of the disposal; and
  - (c) specifies a period within which the offer may be accepted as mentioned in paragraph (a) above.
- (2) If, within the period specified in the landlord's notice under subsection (1)(c) above, a notice is served on the landlord by the requisite majority of qualifying tenants of the constituent flats informing him that the persons by whom it is served accept the offer contained in the landlord's notice, section 6(1) and the other provisions of section 6 shall apply to the landlord as if an acceptance notice had been served on him as mentioned in section 6(1)(b), except that—
  - (a) any reference to the protected interest shall be read as a reference to any such estate or interest as is specified in the landlord's notice in pursuance of subsection (1)(b) above; and
  - (b) any reference in section 6(3) to the offer notice shall be read as a reference to the landlord's notice under subsection (1) above; and
  - (c) where the notice served on the landlord in pursuance of this subsection is served after the end of the period specified under section 5(2)(c), section 6(2) and (3) shall have effect as if the period specified under section 5(2)(d) began with the date of service of that notice.
- (3) If, within the period specified in the landlord's notice under subsection (1)(c) above, no notice is served on the landlord as mentioned in subsection (2) above and subsection (4) below does not apply, the landlord may, during the period of 12 months beginning with the end of that period dispose of any such estate or interest as is specified in the landlord's notice under subsection (1)(b) above to such person as he thinks fit, but subject to the following restrictions, namely—
  - (a) that the consideration required by him for the disposal must not be less than that specified in his notice under subsection (1), and
  - (b) that the other terms on which the disposal is made must, so far as relating to any matters covered by the terms specified in that notice, correspond to those terms.
- (4) If, within the period so specified in the landlord's notice, a notice is served on him by the requisite majority of qualifying tenants of the constituent flats stating that the persons by whom it is served are making him a further counter-offer for the acquisition by them of such estate or interest in the property specified in the offer notice under section 5(2)(a) as is specified in their notice, the provisions of subsections (2) to (5) of section 7 and the provisions of this section (including this subsection) shall apply, with any necessary modifications, in relation to any such notice as they apply in relation to a notice served as mentioned in subsection (2)(b) of section 7.

## **9 Withdrawal of either party from transaction**

- (1) Where—
  - (a) section 6(1) applies to a landlord by virtue of any provision of sections 6 to 8, and
  - (b) any person has been nominated for the purposes of section 6 by the requisite majority of qualifying tenants of the constituent flats within the period specified by the landlord in his offer notice under section 5(2)(d) (taking into

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account any postponement of the commencement of that period effected by any of the preceding provisions of this Part), and

- (c) the nominated person serves a notice on the landlord indicating an intention no longer to proceed with the acquisition of the protected interest,

the landlord may, during the period of 12 months beginning with the date of service of the nominated person's notice, dispose of the protected interest to such person as he thinks fit, but subject to the restrictions mentioned in subsection (2).

- (2) The restrictions referred to in subsection (1) are—
- (a) that the consideration required by him for the disposal must not be less than the amount which has been agreed to by the parties (subject to contract) for the disposal of the protected interest, and
- (b) that the other terms on which the disposal is made must correspond to those so agreed to by the parties in relation to the disposal.
- (3) If at any time the nominated person becomes aware that the number of the qualifying tenants of the constituent flats desiring to proceed with the acquisition of the protected interest is less than the requisite majority of qualifying tenants of those flats, he shall forthwith serve on the landlord such a notice as is mentioned in subsection (1)(c).
- (4) Where—
- (a) paragraphs (a) and (b) of subsection (1) apply, and
- (b) the landlord serves a notice on the nominated person indicating an intention no longer to proceed with the disposal of the protected interest,
- the landlord shall not be entitled to dispose of that interest in accordance with that subsection but the notice shall have the consequences set out in subsection (5) or (6) (as the case may be).
- (5) If any notice served in pursuance of subsection (1), (3) or (4) above is served not later than the end of the first four weeks of the period referred to in subsection (1)(b) above, the party serving it shall not be liable for any costs incurred by the other party in connection with the disposal.
- (6) If any such notice is served after the end of those four weeks, the party on whom it is served may recover from the other party any costs reasonably incurred by the first-mentioned party in connection with the disposal between the end of those four weeks and the time when that notice is served on him.
- (7) For the purposes of this section the parties are—
- (a) the landlord, and
- (b) the qualifying tenants who served the acceptance notice or other notice accepting an offer by the landlord, or (as the case may be) the notice making the counter-offer which was accepted by the landlord, together with the nominated person,
- and any liability of those tenants and the nominated person which arises under this section shall be a joint and several liability.
- (8) Nothing in this section applies where a binding contract for the disposal of the protected interest has been entered into by the landlord and the nominated person.
- (9) In this section and section 10—

"the nominated person" means the person or persons for the time being nominated for the purposes of section 6 by the requisite majority of qualifying tenants of the constituent flats; and

"the protected interest" means—

- (a) except where section 6(1) applies to the landlord by virtue of section 7(4) or 8(2), the protected interest as defined by section 6(9); and
- (b) where section 6(1) applies to the landlord by virtue of section 7(4) or 8(2), any such estate or interest as is mentioned in section 7(4)(a) or (as the case may be) in section 8(2)(a).

## 10 Lapse of landlord's offer

(1) If, at any time after a landlord has served an offer notice with respect to any relevant disposal affecting any premises to which this Part applies, those premises cease to be premises to which this Part applies, the landlord may serve a notice on the qualifying tenants of the constituent flats stating—

- (a) that the premises have ceased to be premises to which this Part applies, and
- (b) that the offer notice, and anything done in pursuance of it, is to be treated as not having been served or done;

and, on the service of any such notice, the provisions of this Part shall cease to have effect in relation to that disposal.

(2) Subsection (4) of section 5 shall apply to a notice under subsection (1) above as it applies to a notice under that section, but as if the references to the qualifying tenants on whom such a notice is required to be served by virtue of subsection (1) of that section were references to the qualifying tenants mentioned in subsection (1) above.

(3) In a case where a landlord is entitled to serve a notice under subsection (1) above but does not do so, this Part shall continue to have effect in relation to the disposal in question as if the premises in question were still premises to which this Part applies.

(4) Where—

- (a) in the case of a landlord to whom section 6(7) applies—
  - (i) the landlord has discharged any duty imposed on him by that provision, and
  - (ii) any such consent as is there mentioned has been withheld, and
  - (iii) no such declaration as is there mentioned has been made, or
- (b) the period specified in section 6(2)(b) has expired without any binding contract having been entered into between the landlord and the nominated person,

and the landlord serves a notice on the nominated person stating that paragraph (a) or (b) above applies, the landlord may, during the period of 12 months beginning with the end of the period specified in section 6(2)(b), dispose of the protected interest to such person as he thinks fit, but subject to the restrictions mentioned in section 9(2).

References in this subsection to section 6(2)(b) include references to that provision as it has effect by virtue of section 7(4)(c) or 8(2)(c).

(5) Where any such notice is served in a case to which paragraph (b) of subsection (4) applies, the landlord may recover from the other party any costs reasonably incurred by him in connection with the disposal to the nominated person between the end of the first four weeks of the period referred to in section 9(1)(b) and the time when that

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notice is served by him; and section 9(7) shall apply for the purposes of this section as it applies for the purposes of section 9.

- (6) Where any binding contract with respect to the disposal of the protected interest has been entered into between the landlord and the nominated person but it has been lawfully rescinded by the landlord, the landlord may, during the period of 12 months beginning with the date of the rescission of the contract, dispose of that interest to such person (and on such terms) as he thinks fit.
- (7) Section 9(9) applies for the purposes of this section.

*Enforcement by tenants of rights against new landlords*

**11 Duty of new landlord to furnish particulars of disposal made in contravention of Part I**

- (1) Where—
- (a) a landlord has made a relevant disposal affecting any premises to which at the time of the disposal this Part applied ("the original disposal"), and
  - (b) either no notice was served by the landlord under section 5 with respect to that disposal or it was made in contravention of any provision of sections 6 to 10, and
  - (c) those premises are still premises to which this Part applies,
- the requisite majority of qualifying tenants of the constituent flats may, before the end of the period specified in subsection (2) below, serve a notice on the transferee under the original disposal requiring him to furnish a person (whose name and address are specified for the purpose in the notice) with particulars of the terms on which the original disposal was made (including those relating to the consideration payable) and the date on which it was made; and in the following provisions of this Part the transferee under that disposal is referred to as "the new landlord".
- (2) The period referred to in subsection (1) is the period, of two months beginning with the date by which—
- (a) notices under section 3 of the Landlord and Tenant Act 1985 (in this Act referred to as "the 1985 Act") relating to the original disposal, or
  - (b) documents of any other description indicating that the original disposal has taken place,
- have been served on the requisite majority of qualifying tenants of the constituent flats.
- (3) Any person served with a notice in accordance with subsection (1) shall comply with the notice within the period of one month beginning with the date on which it is served on him.

**12 Right of qualifying tenants to compel sale etc. by new landlord**

- (1) Where—
- (a) paragraphs (a) and (b) of section 11(1) apply to a relevant disposal affecting any premises to which at the time of the disposal this Part applied (other than a disposal consisting of such a surrender as is mentioned in section 15(1)(b)), and
  - (b) those premises are still premises to which this Part applies,

the requisite majority of qualifying tenants of the constituent flats may, before the end of the period specified in subsection (2), serve a notice ("a purchase notice") on the new landlord requiring him (except as provided by the following provisions of this Part) to dispose of the estate or interest that was the subject-matter of the original disposal, on the terms on which it was made (including those relating to the consideration payable), to a person or persons nominated for the purposes of this section by any such majority of qualifying tenants of those flats.

- (2) The period referred to in subsection (1) is—
  - (a) in a case where a notice has been served on the new landlord under section 11(1), the period of three months beginning with the date on which a notice is served by him under section 11(3); and
  - (b) in any other case, the period of three months beginning with the date mentioned in section 11 (2).
- (3) A purchase notice—
  - (a) shall, where the estate or interest that was the subject-matter of the original disposal related to any property in addition to the premises to which this Part applied at the time of the disposal—
    - (i) require the new landlord to dispose of that estate or interest only so far as relating to those premises, and
    - (ii) require him to do so on the terms referred to in subsection (1) subject to such modifications as are necessary or expedient in the circumstances;
  - (b) may, instead of specifying the estate or interest to be disposed of or any particular terms on which the disposal is to be made by the new landlord (whether doing so expressly or by reference to the original disposal), provide for that estate or interest, or (as the case may be) for any such terms, to be determined by a rent assessment committee in accordance with section 13.
- (4) Where the property which the new landlord is required to dispose of in pursuance of the purchase notice has at any time since the original disposal become subject to any charge or other incumbrance, then, unless the court by order directs otherwise—
  - (a) in the case of a charge to secure the payment of money or the performance of any other obligation by the new landlord or any other person, the instrument by virtue of which the property is disposed of by the new landlord to the person or persons nominated for the purposes of this section shall (subject to the provisions of Part I of Schedule 1) operate to discharge the property from that charge; and
  - (b) in the case of any other incumbrance, the property shall be so disposed of subject to the incumbrance but with a reduction in the consideration payable to the new landlord corresponding to the amount by which the existence of the incumbrance reduces the value of the property.
- (5) Subsection (4)(a) and Part I of Schedule 1 shall apply, with any necessary modifications, to mortgages and liens as they apply to charges; but nothing in those provisions shall apply to a rentcharge.
- (6) Where the property referred to in subsection (4) has at any time since the original disposal increased in monetary value owing to any change in circumstances (other than a change in the value of money), the amount of the consideration payable to the new landlord for the disposal by him of the property in pursuance of the purchase notice shall be the amount that might reasonably have been obtained on a corresponding

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disposal made on the open market at the time of the original disposal if the change in circumstances had already taken place.

- (7) The person or persons initially nominated for the purposes of this section shall be so nominated in the purchase notice; and any such person may only be replaced by another person so nominated by the requisite majority of qualifying tenants of the constituent flats if he has (for any reason) ceased to be able to act as a person so nominated.
- (8) Where two or more persons have been so nominated and any of them ceases to act as such a person without being replaced in accordance with subsection (7), any remaining person or persons so nominated shall be entitled to continue to act in his or their capacity as such.
- (9) Where, in the exercise of its power to award costs, the court or the Lands Tribunal makes, in connection with any proceedings arising under or by virtue of this Part, an award of costs against the person or persons so nominated, the liability for those costs shall be the joint and several liability of that person or those persons together with the qualifying tenants by whom the relevant purchase notice was served.

### **13 Determination by rent assessment committees of questions relating to purchase notices**

- (1) A rent assessment committee shall have jurisdiction to hear and determine—
  - (a) any question arising in relation to any matters specified in a purchase notice (whether relating to the nature of the estate or interest, or the identity of the property, to be disposed of or relating to any other terms on which the disposal by the new landlord is to be made); and
  - (b) any question arising for determination in consequence of a provision in a purchase notice such as is mentioned in section 12(3)(b).
- (2) An application to a rent assessment committee under this section must be in such form, and contain such particulars, as the Secretary of State may by regulations prescribe.
- (3) On any application under this section the interests of the persons by whom a purchase notice has been served shall be represented by the nominated person, and accordingly the parties to any such application shall not include those persons.
- (4) Any costs incurred by a party to an application under this section in connection with the application shall be borne by that party.
- (5) A rent assessment committee shall, when constituted for the purpose of hearing and determining any question falling within subsection (1) above, be known as a leasehold valuation tribunal, and paragraphs 1 to 3 and 7 of Schedule 22 to the Housing Act 1980 (provisions relating to leasehold valuation tribunals) shall accordingly apply to any such committee when so constituted.
- (6) In this section and sections 14, 16 and 17 "the nominated person" means (subject to section 15(5)) the person or persons for the time being nominated for the purposes of section 12 by the requisite majority of qualifying tenants of the constituent flats.

### **14 Withdrawal of nominated person from transaction**

- (1) Where, at any time before a binding contract is entered into in pursuance of a purchase notice, the nominated person serves a notice on the new landlord indicating an

intention no longer to proceed with the disposal required by the purchase notice, the new landlord may recover from that person any costs reasonably incurred by him in connection with that disposal down to the time when the notice is served on him under this subsection.

- (2) If, at any such time as is mentioned in subsection (1) above, the nominated person becomes aware that the number of qualifying tenants of the constituent flats desiring to proceed with the disposal required by the purchase notice is less than the requisite majority of those tenants, he shall forthwith serve on the new landlord a notice indicating such an intention as is mentioned in subsection (1), and that subsection shall apply accordingly.
- (3) If a notice is served under this section at a time when any proceedings arising under or by virtue of this Part are pending before the court or the Lands Tribunal, the liability of the nominated person for any costs incurred by the new landlord as mentioned in subsection (1) above shall be such as may be determined by the court or (as the case may be) by the Tribunal.
- (4) By virtue of section 13(4) the costs that may be recovered by the new landlord under the preceding provisions of this section do not include any costs incurred by him in connection with an application to a rent assessment committee.
- (5) Any liability for costs to which a nominated person becomes subject by virtue of this section shall be such a joint and several liability as is mentioned in section 12(9).
- (6) Section 13(6) applies for the purposes of this section.

## **15 Right of qualifying tenants to compel grant of new tenancy by superior landlord**

- (1) Where—
  - (a) paragraphs (a) and (b) of section 11(1) apply to a relevant disposal affecting any premises to which at the time of the disposal this Part applied, and
  - (b) the disposal consisted of the surrender by the landlord of a tenancy held by him ("the relevant tenancy"), and
  - (c) those premises are still premises to which this Part applies,the requisite majority of qualifying tenants of the constituent flats may, before the end of the period specified in section 12(2), serve a notice on the new landlord requiring him (except as provided by the following provisions of this Part) to grant a new tenancy of the premises subject to the relevant tenancy, on the terms referred to in subsection (2) below and expiring on the date on which that tenancy would have expired, to a person or persons nominated for the purposes of this section by any such majority of qualifying tenants of those flats.
- (2) Those terms are—
  - (a) the terms of the relevant tenancy; and
  - (b) if the new landlord paid any amount to the landlord as consideration for the surrender by him of that tenancy, that any such amount is paid to the new landlord by the person or persons so nominated.
- (3) A notice under this section—
  - (a) shall, where the premises subject to the relevant tenancy included premises other than those to which this Part applied at the time of the original disposal—
    - (i) require the new landlord to grant a new tenancy only of the premises to which this Part so applied, and

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- (ii) require him to do so on the terms referred to in subsection (2) subject to such modifications as are necessary or expedient in the circumstances;
  - (b) may, instead of specifying the premises to be demised under the new tenancy or any particular terms on which that tenancy is to be granted by the new landlord (whether doing so expressly or by reference to the relevant tenancy), provide for those premises, or (as the case may be) for any such terms, to be determined by a rent assessment committee in accordance with section 13 (as applied by subsection (4) below).
- (4) The following provisions, namely—  
     section 12(7) to (9),  
     sections 13 and 14, and  
     sections 16 and 17,  
 shall apply in relation to a notice under this section as they apply in relation to a purchase notice (whether referred to as such or as a notice served under section 12(1)) but subject to the modifications specified in subsection (5) below.
- (5) Those modifications are as follows—
- (a) any reference to the purposes of section 12 shall be read as a reference to the purposes of this section;
  - (b) the reference in section 13(1)(b) to section 12(3)(b) shall be read as a reference to subsection (3)(b) above;
  - (c) the references in section 16 to the estate or interest that was the subject-matter of the original disposal shall be read as a reference to the estate or interest which, prior to the surrender of the relevant tenancy, constituted the reversion immediately expectant on it; and
  - (d) the references in sections 16 and 17 to sections 12 to 14 shall be read as references to sections 12(7) to (9), 13 and 14 (as applied by subsection (4) above) and this section.

*Enforcement by tenants of rights against subsequent purchasers*

**16 Right of qualifying tenants to compel sale etc. by subsequent purchaser**

- (1) Where, at the time when a notice is served under section 11(1) or 12(1) on the new landlord, he no longer holds the estate or interest that was the subject-matter of the original disposal, then—
- (a) in the case of a notice served under section 11(1), the new landlord shall, within the period specified in section 11(3)—
    - (i) furnish such person as is specified in the notice with the information that he is required to furnish by virtue of it, and
    - (ii) serve on that person a notice informing him of the name and address of the person to whom the new landlord disposed of that estate or interest ("the subsequent purchaser"), and
    - (iii) serve on the subsequent purchaser a copy of the notice under section 11(1) and of the information furnished by him under subparagraph (i) above;
  - (b) in the case of a notice served under section 12(1), the new landlord shall forthwith—



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- (i) forward the notice to the subsequent purchaser, and
  - (ii) serve on the nominated person such a notice as is mentioned in paragraph (a)(ii) above.
- (2) If the new landlord serves a notice in accordance with subsection (1)(a)(ii) or (b)(ii) above, sections 12 to 14 shall, instead of applying to the new landlord, apply to the subsequent purchaser as if he were the transferee under the original disposal.
- (3) Subsections (1) and (2) above shall have effect, with any necessary modifications, in a case where, instead of disposing of the whole of the estate or interest referred to in subsection (1) to another person, the new landlord has disposed of it in part or in parts to one or more other persons and accordingly sections 12 to 14 shall—
  - (a) in relation to any part of that estate or interest retained by the new landlord, apply to the new landlord, and
  - (b) in relation to any part of that estate or interest disposed of to any other person, apply to that other person instead as if he were (as respects that part) the transferee under the original disposal.
- (4) Subsection (1) shall not apply in a case where the premises affected by the original disposal have ceased to be premises to which this Part applies.
- (5) Section 13(6) applies for the purposes of this section.

*Termination of rights against new landlords etc.*

## **17 Termination of rights against new landlord or subsequent purchaser**

- (1) If, at any time after a notice has been served under section 11(1) or 12(1), the premises affected by the original disposal cease to be premises to which this Part applies, the new landlord may serve a notice on the qualifying tenants of the constituent flats stating—
  - (a) that the premises have ceased to be premises to which this Part applies, and
  - (b) that any notice served on him under section 11(1) or 12(1), and anything done in pursuance of it, is to be treated as not having been served or done.
- (2) Subsection (4) of section 5 shall apply to a notice under subsection (1) above as it applies to a notice under that section, but as if the references to the qualifying tenants on whom such a notice is required to be served by virtue of subsection (1) of that section were references to the qualifying tenants mentioned in subsection (1) above.
- (3) Where a period of three months beginning with the date of service of a purchase notice on the new landlord has expired—
  - (a) without any binding contract having been entered into between the new landlord and the nominated person, and
  - (b) without there having been made any application in connection with the purchase notice to the court or to a rent assessment committee under section 13,the new landlord may serve on the nominated person a notice containing such a statement as is mentioned in subsection (1)(b) above.
- (4) Where—
  - (a) any such application as is mentioned in paragraph (b) of subsection (3) was made within the period of three months referred to in that subsection, but

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- (b) a period of two months beginning with the date of the determination of that application has expired, and
  - (c) no binding contract has been entered into between the new landlord and the nominated person, and
  - (d) no other such application as is mentioned in subsection (3)(b) is pending,
- the new landlord may serve on the nominated person a notice containing such a statement as is mentioned in subsection (1)(b).
- (5) Where the new landlord serves a notice in accordance with subsection (1), (3) or (4), this Part shall cease to have effect in relation to him in connection with the original disposal.
  - (6) In a case where a new landlord is entitled to serve a notice under subsection (1) above but does not do so, this Part shall continue to have effect in relation to him in connection with the original disposal as if the premises in question were still premises to which this Part applies.
  - (7) References in this section to the new landlord shall be read as including references to any other person to whom sections 12 to 14 apply by virtue of section 16(2) or (3).
  - (8) Section 13(6) applies for the purposes of this section.

*Notices served by prospective purchasers*

**18 Notices served by prospective purchasers to ensure that rights of first refusal do not arise**

- (1) Where—
  - (a) any disposal of an estate or interest in any premises consisting of the whole or part of a building is proposed to be made by a landlord, and
  - (b) it appears to the person who would be the transferee under that disposal ("the purchaser") that any such disposal would, or might, be a relevant disposal affecting premises to which this Part applies.

the purchaser may serve notices under this subsection on the tenants of the flats contained in the premises referred to in paragraph (a) ("the flats affected").
- (2) Any notice under subsection (1) shall—
  - (a) inform the person on whom it is served of the general nature of the principal terms of the proposed disposal, including in particular—
    - (i) the property to which it would relate and the estate or interest in that property proposed to be disposed of by the landlord, and
    - (ii) the consideration required by him for making the disposal;
  - (b) invite that person to serve a notice on the purchaser stating—
    - (i) whether the landlord has served on him, or on any predecessor in title of his, a notice under section 5 with respect to the disposal, and
    - (ii) if the landlord has not so served any such notice, whether he is aware of any reason why he is not entitled to be served with any such notice by the landlord, and
    - (iii) if he is not so aware, whether he would wish to avail himself of the right of first refusal conferred by any such notice if it were served; and
  - (c) inform that person of the effect of the following provisions of this section.

- (3) Where the purchaser has served notices under subsection (1) on at least 80 per cent. of the tenants of the flats affected and—
- (a) not more than 50 per cent. of the tenants on whom those notices have been served by the purchaser have served notices on him in pursuance of subsection (2)(b) by the end of the period of 28 days beginning with the date on which the last of them was served by him with a notice under this section, or
  - (b) more than 50 per cent. of the tenants on whom those notices have been served by the purchaser have served notices on him in pursuance of subsection (2)(b) but the notices in each case indicate that the tenant serving it either—
    - (i) does not regard himself as being entitled to be served by the landlord with a notice under section 5 with respect to the disposal, or
    - (ii) would not wish to avail himself of the right of first refusal conferred by such a notice if it were served,
- the premises affected by the disposal shall, in relation to the disposal, be treated for the purposes of this Part as premises to which this Part does not apply.
- (4) For the purposes of subsection (3) each of the flats affected shall be regarded as having one tenant, who shall count towards any of the percentages specified in that subsection whether he is a qualifying tenant of the flat or not.

### *Supplementary*

## **19 Enforcement of obligations under Part I**

- (1) The court may, on the application of any person interested, make an order requiring any person who has made default in complying with any duty imposed on him by any provision of this Part to make good the default within such time as is specified in the order.
- (2) An application shall not be made under subsection (1) unless—
- (a) a notice has been previously served on the person in question requiring him to make good the default, and
  - (b) more than 14 days have elapsed since the date of service of that notice without his having done so.
- (3) The restriction imposed by section 1(1) may be enforced by an injunction granted by the court.

## **20 Construction of Part I and power of Secretary of State to prescribe modifications**

- (1) In this Part—
- "acceptance notice" means a notice served on a landlord in pursuance of section 6(1)(b);
  - "associated company", in relation to a body corporate, means another body corporate which is (within the meaning of section 736 of the Companies Act 1985) that body's holding company, a subsidiary of that body or another subsidiary of that body's holding company;
  - "constituent flat" shall be construed in accordance with section 5(8);

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"disposal" has the meaning given by section 4(3), and references to the acquisition of an estate or interest shall be construed accordingly;

"landlord", in relation to any premises, shall be construed in accordance with section 2;

"the new landlord" means any such transferee under a relevant disposal as is mentioned in section 11(1);

"offer notice" means a notice served by a landlord under section 5;

"the original disposal" means the relevant disposal referred to in section 11(1);

"the protected interest" means (subject to section 9(9)) any such estate or interest in any property as is specified in an offer notice in pursuance of section 5(2)(a);

"purchase notice" means a notice served on a new landlord in pursuance of section 12(1);

"qualifying tenant", in relation to a flat, shall be construed in accordance with section 3;

"relevant disposal" shall be construed in accordance with section 4;

"the requisite majority", in relation to qualifying tenants, shall be construed in accordance with section 5(6) and (7);

"transferee", in relation to a disposal, shall be construed in accordance with section 4(3).

(2) In this Part—

- (a) any reference to an offer or counter-offer is a reference to an offer or counter-offer made subject to contract, and
- (b) any reference to the acceptance of an offer or counter-offer is a reference to its acceptance subject to contract.

(3) Any reference in this Part to a tenant of a particular description shall be construed, in relation to any time when the interest under his tenancy has ceased to be vested in him, as a reference to the person who is for the time being the successor in title to that interest.

(4) The Secretary of State may by regulations make such modifications of any of the provisions of sections 5 to 18 as he considers appropriate, and any such regulations may contain such incidental, supplemental or transitional provisions as he considers appropriate in connection with the regulations.

(5) In subsection (4) "modifications" includes additions, omissions and alterations.

## PART II

### APPOINTMENT OF MANAGERS BY THE COURT

#### **21 Tenant's right to apply to court for appointment of manager**

(1) The tenant of a flat contained in any premises to which this Part applies may, subject to the following provisions of this Part, apply to the court for an order under section 24 appointing a manager to act in relation to those premises.

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- (2) Subject to subsection (3), this Part applies to premises consisting of the whole or part of a building if the building or part contains two or more flats.
- (3) This Part does not apply to any such premises at a time when—
  - (a) the interest of the landlord in the premises is held by an exempt landlord or a resident landlord, or
  - (b) the premises are included within the functional land of any charity.
- (4) An application for an order under section 24 may be made—
  - (a) jointly by tenants of two or more flats if they are each entitled to make such an application by virtue of this section, and
  - (b) in respect of two or more premises to which this Part applies;and, in relation to any such joint application as is mentioned in paragraph (a), references in this Part to a single tenant shall be construed accordingly.
- (5) Where the tenancy of a flat contained in any such premises is held by joint tenants, an application for an order under section 24 in respect of those premises may be made by any one or more of those tenants.
- (6) An application to the court for it to exercise in relation to any premises any jurisdiction existing apart from this Act to appoint a receiver or manager shall not be made by a tenant (in his capacity as such) in any circumstances in which an application could be made by him for an order under section 24 appointing a manager to act in relation to those premises.
- (7) References in this Part to a tenant do not include references to a tenant under a tenancy to which Part II of the Landlord and Tenant Act 1954 applies.

## **22 Preliminary notice by tenant**

- (1) Before an application for an order under section 24 is made in respect of any premises to which this Part applies by a tenant of a flat contained in those premises, a notice under this section must (subject to subsection (3)) be served on the landlord by the tenant.
- (2) A notice under this section must—
  - (a) specify the tenant's name, the address of his flat and an address in England and Wales (which may be the address of his flat) at which the landlord may serve notices, including notices in proceedings, on him in connection with this Part;
  - (b) state that the tenant intends to make an application for an order under section 24 to be made by the court in respect of such premises to which this Part applies as are specified in the notice, but (if paragraph (d) is applicable) that he will not do so if the landlord complies with the requirement specified in pursuance of that paragraph;
  - (c) specify the grounds on which the court would be asked to make such an order and the matters that would be relied on by the tenant for the purpose of establishing those grounds;
  - (d) where those matters are capable of being remedied by the landlord, require the landlord, within such reasonable period as is specified in the notice, to take such steps for the purpose of remedying them as are so specified; and
  - (e) contain such information (if any) as the Secretary of State may by regulations prescribe.

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- (3) The court may (whether on the hearing of an application for an order under section 24 or not) by order dispense with the requirement to serve a notice under this section in a case where it is satisfied that it would not be reasonably practicable to serve such a notice on the landlord, but the court may, when doing so, direct that such other notices are served, or such other steps are taken, as it thinks fit.
- (4) In a case where—
- (a) a notice under this section has been served on the landlord, and
  - (b) his interest in the premises specified in pursuance of subsection (2)(b) is subject to a mortgage,
- the landlord shall, as soon as is reasonably practicable after receiving the notice, serve on the mortgagee a copy of the notice.

### **23 Application to court for appointment of manager**

- (1) No application for an order under section 24 shall be made to the court unless—
- (a) in a case where a notice has been served under section 22, either—
    - (i) the period specified in pursuance of paragraph (d) of subsection (2) of that section has expired without the landlord having taken the steps that he was required to take in pursuance of that provision, or
    - (ii) that paragraph was not applicable in the circumstances of the case; or
  - (b) in a case where the requirement to serve such a notice has been dispensed with by an order under subsection (3) of that section, either—
    - (i) any notices required to be served, and any other steps required to be taken, by virtue of the order have been served or (as the case may be) taken, or
    - (ii) no direction was given by the court when making the order.
- (2) Rules of court shall make provision—
- (a) for requiring notice of an application for an order under section 24 in respect of any premises to be served on such descriptions of persons as may be specified in the rules; and
  - (b) for enabling persons served with any such notice to be joined as parties to the proceedings.

### **24 Appointment of manager by the court**

- (1) The court may, on an application for an order under this section, by order (whether interlocutory or final) appoint a manager to carry out in relation to any premises to which this Part applies—
- (a) such functions in connection with the management of the premises, or
  - (b) such functions of a receiver,
- or both, as the court thinks fit.
- (2) The court may only make an order under this section in the following circumstances, namely—
- (a) where the court is satisfied—
    - (i) that the landlord either is in breach of any obligation owed by him to the tenant under his tenancy and relating to the management of the premises in question or any part of them or (in the case of an

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- obligation dependent on notice) would be in breach of any such obligation but for the fact that it has not been reasonably practicable for the tenant to give him the appropriate notice, and
- (ii) that the circumstances by virtue of which he is (or would be) in breach of any such obligation are likely to continue, and
  - (iii) that it is just and convenient to make the order in all the circumstances of the case; or
- (b) where the court is satisfied that other circumstances exist which make it just and convenient for the order to be made.
- (3) The premises in respect of which an order is made under this section may, if the court thinks fit, be either more or less extensive than the premises specified in the application on which the order is made.
- (4) An order under this section may make provision with respect to—
- (a) such matters relating to the exercise by the manager of his functions under the order, and
  - (b) such incidental or ancillary matters,
- as the court thinks fit; and, on any subsequent application made for the purpose by the manager, the court may give him directions with respect to any such matters.
- (5) Without prejudice to the generality of subsection (4), an order under this section may provide—
- (a) for rights and liabilities arising under contracts to which the manager is not a party to become rights and liabilities of the manager;
  - (b) for the manager to be entitled to prosecute claims in respect of causes of action (whether contractual or tortious) accruing before or after the date of his appointment;
  - (c) for remuneration to be paid to the manager by the landlord, or by the tenants of the premises in respect of which the order is made or by all or any of those persons;
  - (d) for the manager's functions to be exercisable by him (subject to subsection (9)) either during a specified period or without limit of time.
- (6) Any such order may be granted subject to such conditions as the court thinks fit, and in particular its operation may be suspended on terms fixed by the court.
- (7) In a case where an application for an order under this section was preceded by the service of a notice under section 22, the court may, if it thinks fit, make such an order notwithstanding—
- (a) that any period specified in the notice in pursuance of subsection (2)(d) of that section was not a reasonable period, or
  - (b) that the notice failed in any other respect to comply with any requirement contained in subsection (2) of that section or in any regulations applying to the notice under section 54(3).
- (8) The Land Charges Act 1972 and the Land Registration Act 1925 shall apply in relation to an order made under this section as they apply in relation to an order appointing a receiver or sequestrator of land.
- (9) The court may, on the application of any person interested, vary or discharge (whether conditionally or unconditionally) an order made under this section; and if the order has

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been protected by an entry registered under the Land Charges Act 1972 or the Land Registration Act 1925, the court may by order direct that the entry shall be cancelled.

- (10) An order made under this section shall not be discharged by the court by reason only that, by virtue of section 21(3), the premises in respect of which the order was made have ceased to be premises to which this Part applies.
- (11) References in this section to the management of any premises include references to the repair, maintenance or insurance of those premises.

### PART III

#### COMPULSORY ACQUISITION BY TENANTS OF THEIR LANDLORD'S INTEREST

#### **25 Compulsory acquisition of landlord's interest by qualifying tenants**

- (1) This Part has effect for the purpose of enabling qualifying tenants of flats contained in any premises to which this Part applies to make an application to the court for an order providing for a person nominated by them to acquire their landlord's interest in the premises without his consent; and any such order is referred to in this Part as "an acquisition order".
- (2) Subject to subsections (4) and (5), this Part applies to premises if—
  - (a) they consist of the whole or part of a building; and
  - (b) they contain two or more flats held by tenants of the landlord who are qualifying tenants; and
  - (c) the appropriate requirement specified in subsection (3) is satisfied with respect to them.
- (3) For the purposes of subsection (2)(c) the appropriate requirement is—
  - (a) where the premises contain less than four flats, that all of the flats are let by the landlord on long leases;
  - (b) where the premises contain more than three but less than ten flats, that all, or all but one, of the flats are so let; and
  - (c) where the premises contain ten or more flats, that at least 90 per cent, of the flats are so let.
- (4) This Part does not apply to premises falling within subsection (2) if—
  - (a) any part or parts of the premises is or are occupied or intended to be occupied otherwise than for residential purposes; and
  - (b) the internal floor area of that part or those parts (taken together) exceeds 50 per cent. of the internal floor area of the premises (taken as a whole);
 and for the purposes of this subsection the internal floor area of any common parts shall be disregarded.
- (5) This Part also does not apply to any such premises at a time when—
  - (a) the interest of the landlord in the premises is held by an exempt landlord or a resident landlord, or
  - (b) the premises are included within the functional land of any charity.
- (6) The Secretary of State may by order substitute for the percentage for the time being specified in subsection (4)(b) such other percentage as is specified in the order.



## 26 Qualifying tenants

- (1) Subject to subsections (2) and (3), a person is a qualifying tenant of a flat for the purposes of this Part if he is the tenant of the flat under a long lease other than one constituting a tenancy to which Part II of the Landlord and Tenant Act 1954 applies.
- (2) A person is not to be regarded as being a qualifying tenant of a flat contained in any particular premises consisting of the whole or part of a building if he is the tenant of the flat solely by reason of a long lease under which the demised premises consist of or include—
  - (a) the flat and one or more other flats, or
  - (b) the flat and any common parts of the building.
- (3) A tenant of a flat under a long lease whose landlord is a qualifying tenant of that flat is not to be regarded as being a qualifying tenant of that flat.

## 27 Preliminary notice by tenants

- (1) Before an application for an acquisition order is made in respect of any premises to which this Part applies, a notice under this section must (subject to subsection (3)) be served on the landlord by qualifying tenants of the flats contained in the premises who, at the date when it is served, constitute the requisite majority of such tenants.
- (2) A notice under this section must—
  - (a) specify the names of the qualifying tenants by whom it is served, the addresses of their flats and the name and the address in England and Wales of a person on whom the landlord may serve notices (including notices in proceedings) in connection with this Part instead of serving them on those tenants;
  - (b) state that those tenants intend to make an application for an acquisition order to be made by the court in respect of such premises to which this Part applies as are specified in the notice, but (if paragraph (d) is applicable) that they will not do so if the landlord complies with the requirement specified in pursuance of that paragraph;
  - (c) specify the grounds on which the court would be asked to make such an order and the matters that would be relied on by the tenants for the purpose of establishing those grounds;
  - (d) where those matters are capable of being remedied by the landlord, require the landlord, within such reasonable period as is specified in the notice, to take such steps for the purpose of remedying them as are so specified; and
  - (e) contain such information (if any) as the Secretary of State may by regulations prescribe.
- (3) The court may by order dispense with the requirement to serve a notice under this section in a case where it is satisfied that it would not be reasonably practicable to serve such a notice on the landlord, but the court may, when doing so, direct that such other notices are served, or such other steps are taken, as it thinks fit.
- (4) Any reference in this Part to the requisite majority of qualifying tenants of the flats contained in any premises is a reference to qualifying tenants of the flats so contained with more than 50 per cent. of the available votes; and for the purposes of this subsection—
  - (a) the total number of available votes shall correspond to the total number of those flats for the time being let to qualifying tenants; and

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- (b) there shall be one available vote in respect of each of the flats so let which shall be attributed to the qualifying tenant to whom it is let.
- (5) Nothing in this Part shall be construed as requiring the persons constituting any such majority in any one context to be the same as the persons constituting any such majority in any other context.

## **28 Applications for acquisition orders**

- (1) An application for an acquisition order in respect of any premises to which this Part applies must be made by qualifying tenants of the flats contained in the premises who, at the date when it is made, constitute the requisite majority of such tenants.
- (2) No such application shall be made to the court unless—
- (a) in a case where a notice has been served under section 27, either—
    - (i) the period specified in pursuance of paragraph (d) of subsection (2) of that section has expired without the landlord having taken the steps that he was required to take in pursuance of that provision, or
    - (ii) that paragraph was not applicable in the circumstances of the case; or
  - (b) in a case where the requirement to serve such a notice has been dispensed with by an order under subsection (3) of that section, either—
    - (i) any notices required to be served, and any other steps required to be taken, by virtue of the order have been served or (as the case may be) taken, or
    - (ii) no direction was given by the court when making the order.
- (3) An application for an acquisition order may, subject to the preceding provisions of this Part, be made in respect of two or more premises to which this Part applies.
- (4) Rules of court shall make provision—
- (a) for requiring notice of an application for an acquisition order in respect of any premises to be served on such descriptions of persons as may be specified in the rules; and
  - (b) for enabling persons served with any such notice to be joined as parties to the proceedings.
- (5) The Land Charges Act 1972 and the Land Registration Act 1925 shall apply in relation to an application for an acquisition order as they apply in relation to other pending land actions.
- (6) The persons applying for an acquisition order in respect of any premises to which this Part applies shall be treated for the purposes of section 57 of the Land Registration Act 1925 (inhibitions) as persons interested in relation to any registered land containing the whole or part of those premises.

## **29 Conditions for making acquisition orders**

- (1) The court may, on an application for an acquisition order, make such an order in respect of any premises if—
- (a) the court is satisfied—
    - (i) that those premises were, at the date of service on the landlord of the notice (if any) under section 27 and on the date when the application was made, premises to which this Part applies, and

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- (ii) that they have not ceased to be such premises since the date when the application was made, and
  - (b) either of the conditions specified in subsections (2) and (3) is fulfilled with respect to those premises, and
  - (c) the court considers it appropriate to make the order in the circumstances of the case.
- (2) The first of the conditions referred to in subsection (1)(b) is that the court is satisfied—
  - (a) that the landlord either is in breach of any obligation owed by him to the applicants under their leases and relating to the repair, maintenance, insurance or management of the premises in question, or any part of them, or (in the case of an obligation dependent on notice) would be in breach of any such obligation but for the fact that it has not been reasonably practicable for the tenant to give him the appropriate notice, and
  - (b) that the circumstances by virtue of which he is (or would be) in breach of any such obligation are likely to continue, and
  - (c) that the appointment of a manager under Part II to act in relation to those premises would not be an adequate remedy.
- (3) The second of those conditions is that, both at the date when the application was made and throughout the period of three years immediately preceding that date, there was in force an appointment under Part II of a person to act as manager in relation to the premises in question.
- (4) An acquisition order may, if the court thinks fit—
  - (a) include any yard, garden, outhouse or appurtenance belonging to, or usually enjoyed with, the premises specified in the application on which the order is made;
  - (b) exclude any part of the premises so specified.
- (5) Where—
  - (a) the premises in respect of which an application for an acquisition order is made consist of part only of more extensive premises in which the landlord has an interest, and
  - (b) it appears to the court that the landlord's interest in the latter premises is not reasonably capable of being severed, either in the manner contemplated by the application or in any manner authorised by virtue of subsection (4)(b),then, notwithstanding that paragraphs (a) and (b) of subsection (1) apply, the court shall not make an acquisition order on the application.
- (6) In a case where an application for an acquisition order was preceded by the service of a notice under section 27, the court may, if it thinks fit, make such an order notwithstanding—
  - (a) that any period specified in the notice in pursuance of subsection (2)(d) of that section was not a reasonable period, or
  - (b) that the notice failed in any other respect to comply with any requirement contained in subsection (2) of that section or in any regulations applying to the notice under section 54(3).
- (7) Where any premises are premises to which this Part applies at the time when an application for an acquisition order is made in respect of them, then, for the purposes of this section and the following provisions of this Part, they shall not cease to be such premises by reason only that—

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- (a) the interest of the landlord in them subsequently becomes held by an exempt landlord or a resident landlord, or
- (b) they subsequently become included within the functional land of any charity.

### **30 Content of acquisition orders**

- (1) Where an acquisition order is made by the court, the order shall (except in a case falling within section 33(1)) provide for the nominated person to be entitled to acquire the landlord's interest in the premises specified in the order on such terms as may be determined—
  - (a) by agreement between the landlord and the qualifying tenants in whose favour the order is made, or
  - (b) in default of agreement, by a rent assessment committee under section 31.
- (2) An acquisition order may be granted subject to such conditions as the court thinks fit, and in particular its operation may be suspended on terms fixed by the court.
- (3) References in this Part, in relation to an acquisition order, to the nominated person are references to such person or persons as may be nominated for the purposes of this Part by the persons applying for the order.
- (4) Those persons must secure that the nominated person is joined as a party to the application, and no further nomination of a person for the purposes of this Part shall be made by them after the order is made (whether in addition to, or in substitution for, the existing nominated person) except with the approval of the court.
- (5) Where the landlord is, by virtue of any covenant, condition or other obligation, precluded from disposing of his interest in the premises in respect of which an acquisition order has been made unless the consent of some other person is obtained—
  - (a) he shall use his best endeavours to secure that the consent of that person to that disposal is obtained and, if it appears to him that that person is obliged not to withhold his consent unreasonably but has nevertheless so withheld it, shall institute proceedings for a declaration to that effect; but
  - (b) if—
    - (i) the landlord has discharged any duty imposed on him by paragraph (a), and
    - (ii) the consent of that person has been withheld, and
    - (iii) no such declaration has been made,the order shall cease to have effect.
- (6) The Land Charges Act 1972 and the Land Registration Act 1925 shall apply in relation to an acquisition order as they apply in relation to an order affecting land made by the court for the purpose of enforcing a judgment or recognisance.

### **31 Determination of terms by rent assessment committees**

- (1) A rent assessment committee shall have jurisdiction to determine the terms on which the landlord's interest in the premises specified in an acquisition order may be acquired by the nominated person to the extent that those terms have not been determined by agreement between the landlord and either—
  - (a) the qualifying tenants in whose favour the order was made, or
  - (b) the nominated person;

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and (subject to subsection (2)) such a committee shall determine any such terms on the basis of what appears to them to be fair and reasonable.

- (2) Where an application is made under this section for such a committee to determine the consideration payable for the acquisition of a landlord's interest in any premises, the committee shall do so by determining an amount equal to the amount which, in their opinion, that interest might be expected to realise if sold on the open market by a willing seller on the appropriate terms and on the assumption that none of the tenants of the landlord of any premises comprised in those premises was buying or seeking to buy that interest.
- (3) In subsection (2) "the appropriate terms" means all of the terms to which the acquisition of the landlord's interest in pursuance of the order is to be subject (whether determined by agreement as mentioned in subsection (1) or on an application under this section) apart from those relating to the consideration payable.
- (4) On any application under this section the interests of the qualifying tenants in whose favour the acquisition order was made shall be represented by the nominated person, and accordingly the parties to any such application shall not include those tenants.
- (5) Subsections (2), (4) and (5) of section 13 shall apply for the purposes of this section as they apply for the purposes of that section, but as if the reference in subsection (5) to subsection (1) of that section were a reference to subsection (1) of this section.
- (6) Nothing in this section shall be construed as authorising a rent assessment committee to determine any terms dealing with matters in relation to which provision is made by section 32 or 33.

### **32 Discharge of existing mortgages**

- (1) Where the landlord's interest in any premises is acquired in pursuance of an acquisition order, the instrument by virtue of which it is so acquired shall (subject to subsection (2) and Part II of Schedule 1) operate to discharge the premises from any charge on that interest to secure the payment of money or the performance of any other obligation by the landlord or any other person.
- (2) Subsection (1) does not apply to any such charge if—
  - (a) it has been agreed between the landlord and either—
    - (i) the qualifying tenants in whose favour the order was made, or
    - (ii) the nominated person,that the landlord's interest should be acquired subject to the charge, or
  - (b) the court is satisfied, whether on the application for the order or on an application made by the person entitled to the benefit of the charge, that in the exceptional circumstances of the case it would be fair and reasonable that the landlord's interest should be so acquired, and orders accordingly.
- (3) This section and Part II of Schedule 1 shall apply, with any necessary modifications, to mortgages and liens as they apply to charges; but nothing in those provisions shall apply to a rentcharge.

### **33 Acquisition order where landlord cannot be found**

- (1) Where an acquisition order is made by the court in a case where the landlord cannot be found, or his identity cannot be ascertained, the order shall provide for the landlord's

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interest in the premises specified in the order to vest in the nominated person on the following terms, namely—

- (a) such terms as to payment as are specified in subsection (2), and
  - (b) such other terms as the court thinks fit, being terms which, in the opinion of the court, correspond so far as possible to those on which the interest might be expected to be transferred if it were being transferred by the landlord.
- (2) The terms as to payment referred to in subsection (1)(a) are terms requiring the payment into court of—
- (a) such amount as a surveyor selected by the President of the Lands Tribunal may certify to be in his opinion the amount which the landlord's interest might be expected to realise if sold as mentioned in section 31(2); and
  - (b) any amounts or estimated amounts remaining due to the landlord from any tenants of his of any premises comprised in the premises in respect of which the order is made, being amounts or estimated amounts determined by the court as being due from those persons under the terms of their leases.
- (3) Where any amount or amounts required by virtue of subsection (2) to be paid into court are so paid, the landlord's interest shall, by virtue of this section, vest in the nominated person in accordance with the order.

#### **34 Discharge of acquisition order and withdrawal by tenants**

- (1) If, on an application by a landlord in respect of whose interest an acquisition order has been made, the court is satisfied—
- (a) that the nominated person has had a reasonable time within which to effect the acquisition of that interest in pursuance of the order but has not done so, or
  - (b) that the number of qualifying tenants of flats contained in the premises in question who desire to proceed with the acquisition of the landlord's interest is less than the requisite majority of qualifying tenants of the flats contained in those premises, or
  - (c) that the premises in question have ceased to be premises to which this Part applies,
- the court may discharge the order.
- (2) Where—
- (a) a notice is served on the landlord by the qualifying tenants by whom a notice has been served under section 27 or (as the case may be) by whom an application has been made for an acquisition order, or by the person nominated for the purposes of this Part by any such tenants, and
  - (b) the notice indicates an intention no longer to proceed with the acquisition of the landlord's interest in the premises in question,
- the landlord may (except in a case where subsection (4) applies) recover under this subsection any costs reasonably incurred by him in connection with the disposal by him of that interest down to the time when the notice is served ; and, if the notice is served after the making of an acquisition order, that order shall cease to have effect.
- (3) If (whether before or after the making of an acquisition order) the nominated person becomes aware—
- (a) that the number of qualifying tenants of flats contained in the premises in question who desire to proceed with the acquisition of the landlord's interest

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- is less than the requisite majority of qualifying tenants of the flats contained in those premises, or
- (b) that those premises have ceased to be premises to which this Part applies, he shall forthwith serve on the landlord a notice indicating an intention no longer to proceed with the acquisition of that interest, and subsection (2) shall apply accordingly.
- (4) If, at any time when any proceedings taken under or by virtue of this Part are pending before the court or the Lands Tribunal—
- (a) such a notice as is mentioned in subsection (2) or (3) is served on the landlord, or
- (b) the nominated person indicates that he is no longer willing to act in the matter and nobody is nominated for the purposes of this Part in his place, or
- (c) the number of qualifying tenants of flats contained in the premises in question who desire to proceed with the acquisition of the landlord's interest falls below the requisite majority of qualifying tenants of the flats contained in those premises, or
- (d) those premises cease to be premises to which this Part applies, or if the court discharges an acquisition order under subsection (1), the landlord may recover such costs incurred by him in connection with the disposal by him of his interest in those premises as the court or (as the case may be) the Tribunal may determine.
- (5) The costs that may be recovered by the landlord under subsection (2) or (4) include costs incurred by him in connection with any proceedings under this Part (other than proceedings before a rent assessment committee).
- (6) Any liability for costs arising under this section shall be the joint and several liability of the following persons, namely—
- (a) where the liability arises before the making of an application for an acquisition order, the tenants by whom a notice was served under section 27, or
- (b) where the liability arises after the making of such an application, the tenants by whom the application was made,
- together with (in either case) any person nominated by those tenants for the purposes of this Part.
- (7) In relation to any time when a tenant falling within paragraph (a) or (b) of subsection (6) has ceased to have vested in him the interest under his lease, that paragraph shall be construed as applying instead to the person who is for the time being the successor in title to that interest.
- (8) Nothing in this section shall be construed as authorising the court to discharge an acquisition order where the landlord's interest has already been acquired in pursuance of the order.
- (9) If—
- (a) an acquisition order is discharged, or ceases to have effect, by virtue of any provision of this Part, and
- (b) the order has been protected by an entry registered under the Land Charges Act 1972 or the Land Registration Act 1925,
- the court may by order direct that that entry shall be cancelled.

## PART IV

### VARIATION OF LEASES

#### *Applications relating to flats*

#### **35 Application by party to lease for variation of lease**

- (1) Any party to a long lease of a flat may make an application to the court for an order varying the lease in such manner as is specified in the application.
- (2) The grounds on which any such application may be made are that the lease fails to make satisfactory provision with respect to one or more of the following matters, namely—
  - (a) the repair or maintenance of—
    - (i) the flat in question, or
    - (ii) the building containing the flat, or
    - (iii) any land or building which is let to the tenant under the lease or in respect of which rights are conferred on him under it;
  - (b) the insurance of the flat or of any such building or land as is mentioned in paragraph (a)(ii) or (iii);
  - (c) the repair or maintenance of any installations (whether they are in the same building as the flat or not) which are reasonably necessary to ensure that occupiers of the flat enjoy a reasonable standard of accommodation;
  - (d) the provision or maintenance of any services which are reasonably necessary to ensure that occupiers of the flat enjoy a reasonable standard of accommodation (whether they are services connected with any such installations or not, and whether they are services provided for the benefit of those occupiers or services provided for the benefit of the occupiers of a number of flats including that flat);
  - (e) the recovery by one party to the lease from another party to it of expenditure incurred or to be incurred by him, or on his behalf, for the benefit of that other party or of a number of persons who include that other party;
  - (f) the computation of a service charge payable under the lease.
- (3) For the purposes of subsection (2)(c) and (d) the factors for determining, in relation to the occupiers of a flat, what is a reasonable standard of accommodation may include—
  - (a) factors relating to the safety and security of the flat and its occupiers and of any common parts of the building containing the flat; and
  - (b) other factors relating to the condition of any such common parts.
- (4) For the purposes of subsection (2)(f) a lease fails to make satisfactory provision with respect to the computation of a service charge payable under it if—
  - (a) it provides for any such charge to be a proportion of expenditure incurred, or to be incurred, by or on behalf of the landlord or a superior landlord; and
  - (b) other tenants of the landlord are also liable under their leases to pay by way of service charges proportions of any such expenditure; and
  - (c) the aggregate of the amounts that would, in any particular case, be payable by reference to the proportions referred to in paragraphs (a) and (b) would exceed the whole of any such expenditure.



- (5) Rules of court shall make provision—
  - (a) for requiring notice of any application under this Part to be served by the person making the application, and by any respondent to the application, on any person who the applicant, or (as the case may be) the respondent, knows or has reason to believe is likely to be affected by any variation specified in the application, and
  - (b) for enabling persons served with any such notice to be joined as parties to the proceedings.
- (6) For the purposes of this Part a long lease shall not be regarded as a long lease of a flat if the demised premises consist of or include—
  - (a) the flat and one or more other flats, or
  - (b) the flat and any common parts of the building containing the flat.
- (7) This Part does not apply to a long lease of a flat if it constitutes a tenancy to which Part II of the Landlord and Tenant Act 1954 applies (other than an assured tenancy as defined in section 56(1) of the Housing Act 1980).
- (8) In this section "service charge" has the meaning given by section 18(1) of the 1985 Act.

### **36 Application by respondent for variation of other leases**

- (1) Where an application ("the original application") is made under section 35 by any party to a lease, any other party to the lease may make an application to the court asking it, in the event of its deciding to make an order effecting any variation of the lease in pursuance of the original application, to make an order which effects a corresponding variation of each of such one or more other leases as are specified in the application.
- (2) Any lease so specified—
  - (a) must be a long lease of a flat under which the landlord is the same person as the landlord under the lease specified in the original application; but
  - (b) need not be a lease of a flat which is in the same building as the flat let under that lease, nor a lease drafted in terms identical to those of that lease.
- (3) The grounds on which an application may be made under this section are—
  - (a) that each of the leases specified in the application fails to make satisfactory provision with respect to the matter or matters specified in the original application; and
  - (b) that, if any variation is effected in pursuance of the original application, it would be in the interests of the person making the application under this section, or in the interests of the other persons who are parties to the leases specified in that application, to have all of the leases in question (that is to say, the ones specified in that application together with the one specified in the original application) varied to the same effect.

### **37 Application by majority of parties for variation of leases**

- (1) Subject to the following provisions of this section, an application may be made to the court in respect of two or more leases for an order varying each of those leases in such manner as is specified in the application.

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- (2) Those leases must be long leases of flats under which the landlord is the same person, but they need not be leases of flats which are in the same building, nor leases which are drafted in identical terms.
- (3) The grounds on which an application may be made under this section are that the object to be achieved by the variation cannot be satisfactorily achieved unless all the leases are varied to the same effect.
- (4) An application under this section in respect of any leases may be made by the landlord or any of the tenants under the leases.
- (5) Any such application shall only be made if—
  - (a) in a case where the application is in respect of less than nine leases, all, or all but one, of the parties concerned consent to it; or
  - (b) in a case where the application is in respect of more than eight leases, it is not opposed for any reason by more than 10 per cent. of the total number of the parties concerned and at least 75 per cent. of that number consent to it.
- (6) For the purposes of subsection (5)—
  - (a) in the case of each lease in respect of which the application is made, the tenant under the lease shall constitute one of the parties concerned (so that in determining the total number of the parties concerned a person who is the tenant under a number of such leases shall be regarded as constituting a corresponding number of the parties concerned); and
  - (b) the landlord shall also constitute one of the parties concerned.

#### *Orders varying leases*

### **38 Orders by the court varying leases**

- (1) If, on an application under section 35, the grounds on which the application was made are established to the satisfaction of the court, the court may (subject to subsections (6) and (7)) make an order varying the lease specified in the application in such manner as is specified in the order.
- (2) If—
  - (a) an application under section 36 was made in connection with that application, and
  - (b) the grounds set out in subsection (3) of that section are established to the satisfaction of the court with respect to the leases specified in the application under section 36,the court may (subject to subsections (6) and (7)) also make an order varying each of those leases in such manner as is specified in the order.
- (3) If, on an application under section 37, the grounds set out in subsection (3) of that section are established to the satisfaction of the court with respect to the leases specified in the application, the court may (subject to subsections (6) and (7)) make an order varying each of those leases in such manner as is specified in the order.
- (4) The variation specified in an order under subsection (1) or (2) may be either the variation specified in the relevant application under section 35 or 36 or such other variation as the court thinks fit.

- (5) If the grounds referred to in subsection (2) or (3) (as the case may be) are established to the satisfaction of the court with respect to some but not all of the leases specified in the application, the power to make an order under that subsection shall extend to those leases only.
- (6) The court shall not make an order under this section effecting any variation of a lease if it appears to the court—
- (a) that the variation would be likely substantially to prejudice—
    - (i) any respondent to the application, or
    - (ii) any person who is not a party to the application,and that an award under subsection (10) would not afford him adequate compensation, or
  - (b) that for any other reason it would not be reasonable in the circumstances for the variation to be effected.
- (7) The court shall not, on an application relating to the provision to be made by a lease with respect to insurance, make an order under this section effecting any variation of the lease—
- (a) which terminates any existing right of the landlord under its terms to nominate an insurer for insurance purposes; or
  - (b) which requires the landlord to nominate a number of insurers from which the tenant would be entitled to select an insurer for those purposes; or
  - (c) which, in a case where the lease requires the tenant to effect insurance with a specified insurer, requires the tenant to effect insurance otherwise than with another specified insurer.
- (8) The court may, instead of making an order varying a lease in such manner as is specified in the order, make an order directing the parties to the lease to vary it in such manner as is so specified; and accordingly any reference in this Part (however expressed) to an order which effects any variation of a lease or to any variation effected by an order shall include a reference to an order which directs the parties to a lease to effect a variation of it or (as the case may be) a reference to any variation effected in pursuance of such an order.
- (9) The court may by order direct that a memorandum of any variation of a lease effected by an order under this section shall be endorsed on such documents as are specified in the order.
- (10) Where the court makes an order under this section varying a lease the court may, if it thinks fit, make an order providing for any party to the lease to pay, to any other party to the lease or to any other person, compensation in respect of any loss or disadvantage that the court considers he is likely to suffer as a result of the variation.

### **39 Effect of orders varying leases: applications by third parties**

- (1) Any variation effected by an order under section 38 shall be binding not only on the parties to the lease for the time being but also on other persons (including any predecessors in title of those parties), whether or not they were parties to the proceedings in which the order was made or were served with a notice by virtue of section 35(5).
- (2) Without prejudice to the generality of subsection (1), any variation effected by any such order shall be binding on any surety who has guaranteed the performance of

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any obligation varied by the order; and the surety shall accordingly be taken to have guaranteed the performance of that obligation as so varied.

- (3) Where any such order has been made and a person was, by virtue of section 35(5), required to be served with a notice relating to the proceedings in which it was made, but he was not so served, he may—
- (a) bring an action for damages for breach of statutory duty against the person by whom any such notice was so required to be served in respect of that person's failure to serve it;
  - (b) apply to the court for the cancellation or modification of the variation in question.
- (4) The court may, on an application under subsection (3)(b) with respect to any variation of a lease—
- (a) by order cancel that variation or modify it in such manner as is specified in the order, or
  - (b) make such an order as is mentioned in section 38(10) in favour of the person making the application,
- as it thinks fit.
- (5) Where a variation is cancelled or modified under paragraph (a) of subsection (4)—
- (a) the cancellation or modification shall take effect as from the date of the making of the order under that paragraph or as from such later date as may be specified in the order, and
  - (b) the court may by order direct that a memorandum of the cancellation or modification shall be endorsed on such documents as are specified in the order;

and, in a case where a variation is so modified, subsections (1) and (2) above shall, as from the date when the modification takes effect, apply to the variation as modified.

*Applications relating to dwellings other than flats*

**40 Application for variation of insurance provisions of lease of dwelling other than a flat**

- (1) Any party to a long lease of a dwelling may make an application to the court for an order varying the lease, in such manner as is specified in the application, on the grounds that the lease fails to make satisfactory provision with respect to any matter relating to the insurance of the dwelling, including the recovery of the costs of such insurance.
- (2) Sections 36 and 38 shall apply to an application under subsection (1) subject to the modifications specified in subsection (3).
- (3) Those modifications are as follows—
- (a) in section 36—
    - (i) in subsection (1), the reference to section 35 shall be read as a reference to subsection (1) above, and
    - (ii) in subsection (2), any reference to a flat shall be read as a reference to a dwelling; and
  - (b) in section 38—

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- (i) any reference to an application under section 35 shall be read as a reference to an application under subsection (1) above, and
  - (ii) any reference to an application under section 36 shall be read as a reference to an application under section 36 as applied by subsection (2) above.
- (4) For the purposes of this section a long lease shall not be regarded as a long lease of a dwelling if the demised premises consist of or include the dwelling and one or more other dwellings; and this section does not apply to a long lease of a dwelling if it constitutes a tenancy to which Part II of the Landlord and Tenant Act 1954 applies (other than an assured tenancy as defined in section 56(1) of the Housing Act 1980).
- (5) In this section "dwelling" means a dwelling other than a flat.

## PART V

### MANAGEMENT OF LEASEHOLD PROPERTY

#### *Service charges*

#### **41 Amendments relating to service charges**

- (1) Sections 18 to 30 of the 1985 Act (regulation of service charges payable by tenants) shall have effect subject to the amendments specified in Schedule 2 (which include amendments—
- (a) extending the provisions of those sections to dwellings other than flats, and
  - (b) introducing certain additional limitations on service charges).
- (2) Sections 45 to 51 of the Housing Act 1985 (which are, so far as relating to dwellings let on long leases, superseded by sections 18 to 30 of the 1985 Act as amended by Schedule 2) shall cease to have effect in relation to dwellings so let.

#### **42 Service charge contributions to be held in trust**

- (1) This section applies where the tenants of two or more dwellings may be required under the terms of their leases to contribute to the same costs by the payment of service charges; and in this section—
- "the contributing tenants" means those tenants;
  - "the payee" means the landlord or other person to whom any such charges are payable by those tenants under the terms of their leases;
  - "relevant service charges" means any such charges;
  - "service charge" has the meaning given by section 18(1) of the 1985 Act, except that it does not include a service charge payable by the tenant of a dwelling the rent of which is registered under Part IV of the Rent Act 1977, unless the amount registered is, in pursuance of section 71(4) of that Act, entered as a variable amount;
  - "tenant" does not include a tenant of an exempt landlord; and
  - "trust fund" means the fund, or (as the case may be) any of the funds, mentioned in subsection (2) below.

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- (2) Any sums paid to the payee by the contributing tenants by way of relevant service charges, and any investments representing those sums, shall (together with any income accruing thereon) be held by the payee either as a single fund or, if he thinks fit, in two or more separate funds.
- (3) The payee shall hold any trust fund—
  - (a) on trust to defray costs incurred in connection with the matters for which the relevant service charges were payable (whether incurred by himself or by any other person), and
  - (b) subject to that, on trust for the persons who are the contributing tenants for the time being.
- (4) Subject to subsections (6) to (8), the contributing tenants shall be treated as entitled by virtue of subsection (3)(b) to such shares in the residue of any such fund as are proportionate to their respective liabilities to pay relevant service charges.
- (5) If the Secretary of State by order so provides, any sums standing to the credit of any trust fund may, instead of being invested in any other manner authorised by law, be invested in such manner as may be specified in the order; and any such order may contain such incidental, supplemental or transitional provisions as the Secretary of State considers appropriate in connection with the order.
- (6) On the termination of the lease of a contributing tenant the tenant shall not be entitled to any part of any trust fund, and (except where subsection (7) applies) any part of any such fund which is attributable to relevant service charges paid under the lease shall accordingly continue to be held on the trusts referred to in subsection (3).
- (7) If after the termination of any such lease there are no longer any contributing tenants, any trust fund shall be dissolved as at the date of the termination of the lease, and any assets comprised in the fund immediately before its dissolution shall—
  - (a) if the payee is the landlord, be retained by him for his own use and benefit, and
  - (b) in any other case, be transferred to the landlord by the payee.
- (8) Subsections (4), (6) and (7) shall have effect in relation to a contributing tenant subject to any express terms of his lease which relate to the distribution, either before or (as the case may be) at the termination of the lease, of amounts attributable to relevant service charges paid under its terms (whether the lease was granted before or after the commencement of this section).
- (9) Subject to subsection (8), the provisions of this section shall prevail over the terms of any express or implied trust created by a lease so far as inconsistent with those provisions, other than an express trust so created before the commencement of this section.

### *Insurance*

## **43 Rights of tenants with respect to insurance**

- (1) The following section shall be inserted after section 30 of the 1985 Act—

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**“30A Insurance Rights of tenants with respect to insurance.**

The Schedule to this Act (which confers on tenants certain rights with respect to the insurance of their dwellings) shall have effect.”

- (2) Schedule 3 to this Act shall be added to the 1985 Act as the Schedule to that Act.

*Managing agents*

**44 Recognised tenants' associations to be consulted about managing agents**

The following section shall be inserted in the 1985 Act after the section 30A inserted by section 43—

**“30B Managing agents Recognised tenants' associations to be consulted about managing agents.**

- (1) A recognised tenants' association may at any time serve a notice on the landlord requesting him to consult the association in accordance with this section on matters relating to the appointment or employment by him of a managing agent for any relevant premises.
- (2) Where, at the time when any such notice is served by a recognised tenants' association, the landlord does not employ any managing agent for any relevant premises, the landlord shall, before appointing such a managing agent, serve on the association a notice specifying—
  - (a) the name of the proposed managing agent;
  - (b) the landlord's obligations to the tenants represented by the association which it is proposed that the managing agent should be required to discharge on his behalf; and
  - (c) a period of not less than one month beginning with the date of service of the notice within which the association may make observations on the proposed appointment.
- (3) Where, at the time when a notice is served under subsection (1) by a recognised tenants' association, the landlord employs a managing agent for any relevant premises, the landlord shall, within the period of one month beginning with the date of service of that notice, serve on the association a notice specifying—
  - (a) the landlord's obligations to the tenants represented by the association which the managing agent is required to discharge on his behalf; and
  - (b) a reasonable period within which the association may make observations on the manner in which the managing agent has been discharging those obligations, and on the desirability of his continuing to discharge them.
- (4) Subject to subsection (5), a landlord who has been served with a notice by an association under subsection (1) shall, so long as he employs a managing agent for any relevant premises—
  - (a) serve on that association at least once in every five years a notice specifying—

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- (i) any change occurring since the date of the last notice served by him on the association under this section in the obligations which the managing agent has been required to discharge on his behalf; and
    - (ii) a reasonable period within which the association may make observations on the manner in which the managing agent has discharged those obligations since that date, and on the desirability of his continuing to discharge them;
  - (b) serve on that association, whenever he proposes to appoint any new managing agent for any relevant premises, a notice specifying the matters mentioned in paragraphs (a) to (c) of subsection (2).
- (5) A landlord shall not, by virtue of a notice served by an association under subsection (1), be required to serve on the association a notice under subsection (4)(a) or (b) if the association subsequently serves on the landlord a notice withdrawing its request under subsection (1) to be consulted by him.
- (6) Where—
- (a) a recognised tenants' association has served a notice under subsection (1) with respect to any relevant premises, and
  - (b) the interest of the landlord in those premises becomes vested in a new landlord,
- that notice shall cease to have effect with respect to those premises (without prejudice to the service by the association on the new landlord of a fresh notice under that subsection with respect to those premises).
- (7) Any notice served by a landlord under this section shall specify the name and the address in the United Kingdom of the person to whom any observations made in pursuance of the notice are to be sent; and the landlord shall have regard to any such observations that are received by that person within the period specified in the notice.
- (8) In this section—
- "landlord", in relation to a recognised tenants' association, means the immediate landlord of the tenants represented by the association or a person who has a right to enforce payment of service charges payable by any of those tenants;
  - "managing agent", in relation to any relevant premises, means an agent of the landlord appointed to discharge any of the landlord's obligations to the tenants represented by the recognised tenants' association in question which relate to the management by him of those premises; and
  - "tenant" includes a statutory tenant; and for the purposes of this section any premises (whether a building or not) are relevant premises in relation to a recognised tenants' association if any of the tenants represented by the association may be required under the terms of their leases to contribute by the payment of service charges to costs relating to those premises."



*Management by registered housing associations*

**45 Extension of permissible objects of registered housing associations as regards the management of leasehold property**

- (1) Section 4 of the Housing Associations Act 1985 (eligibility for registration) shall be amended as follows.
- (2) In subsection (3) (permissible additional purposes or objects), after the paragraph (dd) inserted by section 19 of the Housing and Planning Act 1986 there shall be inserted—
  - “(ddd) managing houses which are held on leases (not being houses falling within subsection (2)(a) or (b)) or blocks of flats;”.
- (3) After that subsection there shall be inserted—
  - “(4) In subsection (3)(ddd) "block of flats" means a building—
    - (a) containing two or more flats which are held on leases or other lettings; and
    - (b) occupied or intended to be occupied wholly or mainly for residential purposes.”
- (4) The amendments made by this section shall not extend to Scotland.

**PART VI**

INFORMATION TO BE FURNISHED TO TENANTS

**46 Application of Part VI, etc.**

- (1) This Part applies to premises which consist of or include a dwelling and are not held under a tenancy to which Part II of the Landlord and Tenant Act 1954 applies.
- (2) In this Part "service charge" has the meaning given by section 18(1) of the 1985 Act.

**47 Landlord's name and address to be contained in demands for rent etc.**

- (1) Where any written demand is given to a tenant of premises to which this Part applies, the demand must contain the following information, namely—
  - (a) the name and address of the landlord, and
  - (b) if that address is not in England and Wales, an address in England and Wales at which notices (including notices in proceedings) may be served on the landlord by the tenant.
- (2) Where—
  - (a) a tenant of any such premises is given such a demand, but
  - (b) it does not contain any information required to be contained in it by virtue of subsection (1),then (subject to subsection (3)) any part of the amount demanded which consists of a service charge ("the relevant amount") shall be treated for all purposes as not being due from the tenant to the landlord at any time before that information is furnished by the landlord by notice given to the tenant.

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- (3) The relevant amount shall not be so treated in relation to any time when, by virtue of an order of any court, there is in force an appointment of a receiver or manager whose functions include the receiving of service charges from the tenant.
- (4) In this section "demand" means a demand for rent or other sums payable to the landlord under the terms of the tenancy.

#### **48 Notification by landlord of address for service of notices**

- (1) A landlord of premises to which this Part applies shall by notice furnish the tenant with an address in England and Wales at which notices (including notices in proceedings) may be served on him by the tenant.
- (2) Where a landlord of any such premises fails to comply with subsection (1), any rent or service charge otherwise due from the tenant to the landlord shall (subject to subsection (3)) be treated for all purposes as not being due from the tenant to the landlord at any time before the landlord does comply with that subsection.
- (3) Any such rent or service charge shall not be so treated in relation to any time when, by virtue of an order of any court, there is in force an appointment of a receiver or manager whose functions include the receiving of rent or (as the case may be) service charges from the tenant.

#### **49 Extension of circumstances in which notices are sufficiently served**

In section 196 of the Law of Property Act 1925 (regulations respecting notices), any reference in subsection (3) or (4) to the last-known place of abode or business of the person to be served shall have effect, in its application to a notice to be served by a tenant on a landlord of premises to which this Part applies, as if that reference included a reference to—

- (a) the address last furnished to the tenant by the landlord in accordance with section 48, or
- (b) if no address has been so furnished in accordance with section 48, the address last furnished to the tenant by the landlord in accordance with section 47.

#### **50 Continuation of former landlord's liability to tenant where no notice of assignment**

In section 3 of the 1985 Act (duty to inform tenant of assignment of landlord's interest) the following subsections shall be inserted after subsection (3)—

- “(3A) The person who was the landlord under the tenancy immediately before the assignment ("the old landlord") shall be liable to the tenant in respect of any breach of any covenant, condition or agreement under the tenancy occurring before the end of the relevant period in like manner as if the interest assigned were still vested in him; and where the new landlord is also liable to the tenant in respect of any such breach occurring within that period, he and the old landlord shall be jointly and severally liable in respect of it.
- (3B) In subsection (3A) "the relevant period" means the period beginning with the date of the assignment and ending with the date when—

- (a) notice in writing of the assignment, and of the new landlord's name and address, is given to the tenant by the new landlord (whether in accordance with subsection (1) or not), or
- (b) notice in writing of the assignment, and of the new landlord's name and last-known address, is given to the tenant by the old landlord, whichever happens first.”

## **51 Right of tenant to search proprietorship register for landlord's name and address**

- (1) In section 112(1) of the Land Registration Act 1925 (inspection of register and other documents at Land Registry), for "sections 112A and 112AA" there shall be substituted "sections 112A, 112AA and 112C".
- (2) The following section shall be inserted after section 112B of that Act—

### **“112C Right of residential tenant to search for landlord's name and address.**

- (1) For the purpose of enabling him to ascertain the name and address of his landlord, the tenant of premises to which this section applies shall (subject to subsection (3)) have a right, on payment of a fee and in accordance with the prescribed procedure, to inspect and make copies of, and take extracts from, any part of any register kept in the custody of the registrar which contains the name and address of the proprietor of any registered land containing those premises.
- (2) This section applies to premises which consist of or include a dwelling and are not held under a tenancy to which Part II of the Landlord and Tenant Act 1954 (business tenancies) applies.
- (3) The registrar may refuse to allow a tenant to exercise his right of inspection under subsection (1) above in relation to any registered land if he has reason to believe that the proprietor of that land is not the landlord of the tenant.
- (4) In this section—

"dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to it or usually enjoyed with it;

"landlord" means the immediate landlord or, in relation to a statutory tenant, the person who, apart from the statutory tenancy, would be entitled to possession of the premises subject to the tenancy;

"statutory tenancy" and "statutory tenant" mean a statutory tenancy or statutory tenant within the meaning of the Rent Act 1977 or the Rent (Agriculture) Act 1976; and

"tenant" includes a statutory tenant.”

## PART VII

### GENERAL

#### 52 Jurisdiction of county courts

- (1) A county court shall have jurisdiction to hear and determine any question arising under any provision to which this section applies (other than a question falling within the jurisdiction of a rent assessment committee by virtue of section 13(1) or 31(1)).
- (2) This section applies to—
  - (a) any provision of Parts I to IV;
  - (b) any provision of section 42; and
  - (c) any provision of sections 46 to 48.
- (3) Where any proceedings under any provision to which this section applies are being taken in a county court, the county court shall have jurisdiction to hear and determine any other proceedings joined with those proceedings, notwithstanding that the other proceedings would, apart from this subsection, be outside the court's jurisdiction.
- (4) If a person takes any proceedings under any such provision in the High Court he shall not be entitled to recover any more costs of those proceedings than those to which he would have been entitled if the proceedings had been taken in a county court; and in any such case the taxing master shall have the same power of directing on what county court scale costs are to be allowed, and of allowing any item of costs, as the judge would have had if the proceedings had been taken in a county court.
- (5) Subsection (4) shall not apply where the purpose of taking the proceedings in the High Court was to enable them to be joined with any proceedings already pending before that court (not being proceedings taken under any provision to which this section applies).

#### 53 Regulations and orders

- (1) Any power of the Secretary of State to make an order or regulations under this Act shall be exercisable by statutory instrument and may be exercised so as to make different provision for different cases, including different provision for different areas.
- (2) A statutory instrument containing—
  - (a) an order made under section 1(5), 25(6), 42(5) or 55, or
  - (b) any regulations made under section 13(2) (including any made under that provision as it applies for the purposes of section 31) or under section 20(4),shall be subject to annulment in pursuance of a resolution of either House of Parliament.

#### 54 Notices

- (1) Any notice required or authorised to be served under this Act—
  - (a) shall be in writing; and
  - (b) may be sent by post.
- (2) Any notice purporting to be a notice served under any provision of Part I or III by the requisite majority of any qualifying tenants (as defined for the purposes of that

provision) shall specify the names of all of the persons by whom it is served and the addresses of the flats of which they are qualifying tenants.

- (3) The Secretary of State may by regulations prescribe—
- (a) the form of any notices required or authorised to be served under or in pursuance of any provision of Parts I to III, and
  - (b) the particulars which any such notices must contain (whether in addition to, or in substitution for, any particulars required by virtue of the provision in question).
- (4) Subsection (3)(b) shall not be construed as authorising the Secretary of State to make regulations under subsection (3) varying either of the periods specified in section 5(2) (which accordingly can only be varied by regulations under section 20(4)).

## **55 Application to Isles of Scilly**

This Act shall apply to the Isles of Scilly subject to such exceptions, adaptations and modifications as the Secretary of State may by order direct.

## **56 Crown land**

- (1) This Act shall apply to a tenancy from the Crown if there has ceased to be a Crown interest in the land subject to it.
- (2) A variation of any such tenancy effected by or in pursuance of an order under section 38 shall not, however, be treated as binding on the Crown, as a predecessor in title under the tenancy, by virtue of section 39(1).
- (3) Where there exists a Crown interest in any land subject to a tenancy from the Crown and the person holding that tenancy is himself the landlord under any other tenancy whose subject-matter comprises the whole or part of that land, this Act shall apply to that other tenancy, and to any derivative sub-tenancy, notwithstanding the existence of that interest.
- (4) For the purposes of this section "tenancy from the Crown" means a tenancy of land in which there is, or has during the subsistence of the tenancy been, a Crown interest superior to the tenancy, and "Crown interest" means—
- (a) an interest comprised in the Crown Estate;
  - (b) an interest belonging to Her Majesty in right of the Duchy of Lancaster;
  - (c) an interest belonging to the Duchy of Cornwall;
  - (d) any other interest belonging to a government department or held on behalf of Her Majesty for the purposes of a government department.

## **57 Financial provision**

There shall be paid out of money provided by Parliament any increase attributable to this Act in the sums payable out of money so provided under any other Act.

## **58 Exempt landlords and resident landlords**

- (1) In this Act "exempt landlord" means a landlord who is one of the following bodies, namely—

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- (a) a district, county or London borough council, the Common Council of the City of London, the Council of the Isles of Scilly, the Inner London Education Authority, or a joint authority established by Part IV of the Local Government Act 1985;
  - (b) the Commission for the New Towns or a development corporation established by an order made (or having effect as if made) under the New Towns Act 1981;
  - (c) an urban development corporation within the meaning of Part XVI of the Local Government, Planning and Land Act 1980;
  - (d) the Development Board for Rural Wales;
  - (e) the Housing Corporation;
  - (f) a housing trust (as defined in section 6 of the Housing Act 1985) which is a charity;
  - (g) a registered housing association, or an unregistered housing association which is a fully mutual housing association, within the meaning of the Housing Associations Act 1985; or
  - (h) an authority established under section 10 of the Local Government Act 1985 (joint arrangements for waste disposal functions).
- (2) For the purposes of this Act the landlord of any premises consisting of the whole or part of a building is a resident landlord of those premises at any time if—
- (a) the premises are not, and do not form part of, a purpose-built block of flats; and
  - (b) at that time the landlord occupies a flat contained in the premises, as his only or principal residence; and
  - (c) he has so occupied such a flat throughout a period of not less than 12 months ending with that time.
- (3) In subsection (2) "purpose-built block of flats" means a building which contained as constructed, and contains, two or more flats.

## **59 Meaning of "lease", "long lease" and related expressions**

- (1) In this Act "lease" and "tenancy" have the same meaning; and both expressions include—
- (a) a sub-lease or sub-tenancy, and
  - (b) an agreement for a lease or tenancy (or for a sub-lease or subtenancy).
- (2) The expressions "landlord" and "tenant", and references to letting, to the grant of a lease or to covenants or the terms of a lease shall be construed accordingly.
- (3) In this Act "long lease" means—
- (a) a lease granted for a term certain exceeding 21 years, whether or not it is (or may become) terminable before the end of that term by notice given by the tenant or by re-entry or forfeiture;
  - (b) a lease for a term fixed by law under a grant with a covenant or obligation for perpetual renewal, other than a lease by subdemise from one which is not a long lease; or
  - (c) a lease granted in pursuance of Part V of the Housing Act 1985 (the right to buy).

## **60 General interpretation**

### (1) In this Act—

"the 1985 Act" means the Landlord and Tenant Act 1985;

"charity" means a charity within the meaning of the Charities Act 1960, and "charitable purposes", in relation to a charity, means charitable purposes whether of that charity or of that charity and other charities;

"common parts", in relation to any building or part of a building, includes the structure and exterior of that building or part and any common facilities within it;

"the court" means the High Court or a county court;

"dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to it or usually enjoyed with it;

"exempt landlord" has the meaning given by section 58(1);

"flat" means a separate set of premises, whether or not on the same floor, which—

(a) forms part of a building, and

(b) is divided horizontally from some other part of that building, and

(c) is constructed or adapted for use for the purposes of a dwelling;

"functional land", in relation to a charity, means land occupied by the charity, or by trustees for it, and wholly or mainly used for charitable purposes;

"landlord" (except for the purposes of Part I) means the immediate landlord or, in relation to a statutory tenant, the person who, apart from the statutory tenancy, would be entitled to possession of the premises subject to the tenancy;

"lease" and related expressions shall be construed in accordance with section 59(1) and (2);

"long lease" has the meaning given by section 59(3);

"mortgage" includes any charge or lien, and references to a mortgagee shall be construed accordingly;

"notices in proceedings" means notices or other documents served in, or in connection with, any legal proceedings;

"rent assessment committee" means a rent assessment committee constituted under Schedule 10 to the Rent Act 1977;

"resident landlord" shall be construed in accordance with section 58(2);

"statutory tenancy" and "statutory tenant" mean a statutory tenancy or statutory tenant within the meaning of the Rent Act 1977 or the Rent (Agriculture) Act 1976;

"tenancy" includes a statutory tenancy.

(2) In this Act (except in Part IV) any reference to a tenancy to which Part II of the Landlord and Tenant Act 1954 applies includes a reference to an assured tenancy (as denned in section 56(1) of the Housing Act 1980).

## **61 Consequential amendments and repeals**

(1) The enactments mentioned in Schedule 4 shall have effect subject to the amendments there specified (being amendments consequential on the preceding provisions of this Act).

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- (2) The enactments mentioned in Schedule 5 are hereby repealed to the extent specified in the third column of that Schedule.

**62 Short title, commencement and extent**

- (1) This Act may be cited as the Landlord and Tenant Act 1987.
- (2) This Act shall come into force on such day as the Secretary of State may by order appoint.
- (3) An order under subsection (2)—
- (a) may appoint different days for different provisions or for different purposes; and
  - (b) may make such transitional, incidental, supplemental or consequential provision or saving as the Secretary of State considers necessary or expedient in connection with the coming into force of any provision of this Act or the operation of any enactment which is repealed or amended by a provision of this Act during any period when the repeal or amendment is not wholly in force.
- (4) This Act extends to England and Wales only.



## SCHEDULES

### SCHEDULE 1

Sections 12 and 32.

#### DISCHARGE OF MORTGAGES ETC.: SUPPLEMENTARY PROVISIONS

##### PART I

###### DISCHARGE IN PURSUANCE OF PURCHASE NOTICES

###### *Construction*

1 In this Part of this Schedule—

"the consideration payable" means the consideration payable to the new landlord for the disposal by him of the property referred to in section 12(4);

"the new landlord" has the same meaning as in section 12, and accordingly includes any person to whom that section applies by virtue of section 16(2) or (3); and

"the nominated person" means the person or persons nominated as mentioned in section 12(1).

###### *Duty of nominated person to redeem mortgages*

- 2 (1) Where in accordance with section 12(4)(a) an instrument will operate to discharge any property from a charge to secure the payment of money, it shall be the duty of the nominated person to apply the consideration payable, in the first instance, in or towards the redemption of any such charge (and, if there are more than one, then according to their priorities).
- (2) Where sub-paragraph (1) applies to any charge or charges, then if (and only if) the consideration payable is applied by the nominated person in accordance with that sub-paragraph or paid into court by him in accordance with paragraph 4, the instrument in question shall operate as mentioned in sub-paragraph (1) notwithstanding that the consideration payable is insufficient to enable the charge or charges to be redeemed in its or their entirety.
- (3) Subject to sub-paragraph (4), sub-paragraph (1) shall not apply to a charge which is a debenture holders' charge, that is to say, a charge (whether a floating charge or not) in favour of the holders of a series of debentures issued by a company or other body of persons, or in favour of trustees for such debenture holders; and any such charge shall be disregarded in determining priorities for the purposes of sub-paragraph (1).
- (4) Sub-paragraph (3), above shall not have effect in relation to a charge in favour of trustees for debenture holders which at the date of the instrument by virtue of which the property is disposed of by the new landlord is (as regards that property) a specific and not a floating charge.

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*Determination of amounts due in respect of mortgages*

- 3 (1) For the purpose of determining the amount payable in respect of any charge under paragraph 2(1), a person entitled to the benefit of a charge to which that provision applies shall not be permitted to exercise any right to consolidate that charge with a separate charge on other property.
- (2) For the purpose of discharging any property from a charge to which paragraph 2(1) applies, a person may be required to accept three months or any longer notice of the intention to pay the whole or part of the principal secured by the charge, together with interest to the date of payment, notwithstanding that the terms of the security make other provision or no provision as to the time and manner of payment; but he shall be entitled, if he so requires, to receive such additional payment as is reasonable in the circumstances in respect of the costs of re-investment or other incidental costs and expenses and in respect of any reduction in the rate of interest obtainable on re-investment.

*Payments into court*

- 4 (1) Where under section 12(4)(a) any property is to be discharged from a charge and, in accordance with paragraph 2(1), a person is or may be entitled in respect of the charge to receive the whole or part of the consideration payable, then if—
- (a) for any reason difficulty arises in ascertaining how much is payable in respect of the charge, or
  - (b) for any reason mentioned in sub-paragraph (2) below difficulty arises in making a payment in respect of the charge,
- the nominated person may pay into court on account of the consideration payable the amount, if known, of the payment to be made in respect of the charge or, if that amount is not known, the whole of that consideration or such lesser amount as the nominated person thinks right in order to provide for that payment.
- (2) Payment may be made into court in accordance with sub-paragraph (1)(b) where the difficulty arises for any of the following reasons, namely—
- (a) because a person who is or may be entitled to receive payment cannot be found or ascertained;
  - (b) because any such person refuses or fails to make out a title, or to accept payment and give a proper discharge, or to take any steps reasonably required of him to enable the sum payable to be ascertained and paid; or
  - (c) because a tender of the sum payable cannot, by reason of complications in the title to it or the want of two or more trustees or for other reasons, be effected, or not without incurring or involving unreasonable cost or delay.
- (3) Without prejudice to sub-paragraph (1)(a), the whole or part of the consideration payable shall be paid into court by the nominated person if, before execution of the instrument referred to in paragraph 2(1), notice is given to him—
- (a) that the new landlord or a person entitled to the benefit of a charge on the property in question requires him to do so for the purpose of protecting the rights of persons so entitled, or for reasons related to the bankruptcy or winding up of the new landlord, or
  - (b) that steps have been taken to enforce any charge on the new landlord's interest in that property by the bringing of proceedings in any court, or by the appointment of a receiver or otherwise;

and where payment into court is to be made by reason only of a notice under this sub-paragraph, and the notice is given with reference to proceedings in a court specified in the notice other than a county court, payment shall be made into the court so specified.

#### *Savings*

- 5 (1) Where any property is discharged by section 12(4)(a) from a charge (without the obligations secured by the charge being satisfied by the receipt of the whole or part of the consideration payable), the discharge of that property from the charge shall not prejudice any right or remedy for the enforcement of those obligations against other property comprised in the same or any other security, nor prejudice any personal liability as principal or otherwise of the new landlord or any other person.
- (2) Nothing in this Schedule shall be construed as preventing a person from joining in the instrument referred to in paragraph 2(1) for the purpose of discharging the property in question from any charge without payment or for a lesser payment than that to which he would otherwise be entitled; and, if he does so, the persons to whom the consideration payable ought to be paid shall be determined accordingly.

## **PART II**

### DISCHARGE IN PURSUANCE OF ACQUISITION ORDERS

#### *Construction*

- 6 In this Part of this Schedule—
- "the consideration payable" means the consideration payable for the acquisition of the landlord's interest referred to in section 32(1); and
- "the nominated person" means the person or persons nominated for the purposes of Part III by the persons who applied for the acquisition order in question.

#### *Duty of nominated person to redeem mortgages*

- 7 (1) Where in accordance with section 32(1) an instrument will operate to discharge any premises from a charge to secure the payment of money, it shall be the duty of the nominated person to apply the consideration payable, in the first instance, in or towards the redemption of any such charge (and, if there are more than one, then according to their priorities).
- (2) Where sub-paragraph (1) applies to any charge or charges, then if (and only if) the consideration payable is applied by the nominated person in accordance with that sub-paragraph or paid into court by him in accordance with paragraph 9, the instrument in question shall operate as mentioned in sub-paragraph (1) notwithstanding that the consideration payable is insufficient to enable the charge or charges to be redeemed in its or their entirety.
- (3) Subject to sub-paragraph (4), sub-paragraph (1) shall not apply to a charge which is a debenture holders' charge within the meaning of paragraph 2(3) in Part I of this Schedule; and any such charge shall be disregarded in determining priorities for the purposes of sub-paragraph (1).

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*Status: This is the original version (as it was originally enacted).*

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- (4) Sub-paragraph (3) above shall not have effect in relation to a charge in favour of trustees for debenture holders which at the date of the instrument by virtue of which the landlord's interest in the premises in question is acquired is (as regards those premises) a specific and not a floating charge.

*Determination of amounts due in respect of mortgages*

- 8 (1) For the purpose of determining the amount payable in respect of any charge under paragraph 7(1), a person entitled to the benefit of a charge to which that provision applies shall not be permitted to exercise any right to consolidate that charge with a separate charge on other property.
- (2) For the purpose of discharging any premises from a charge to which paragraph 7(1) applies, a person may be required to accept three months or any longer notice of the intention to pay the whole or part of the principal secured by the charge, together with interest to the date of payment, notwithstanding that the terms of the security make other provision or no provision as to the time and manner of payment; but he shall be entitled, if he so requires, to receive such additional payment as is reasonable in the circumstances in respect of the costs of re-investment or other incidental costs and expenses and in respect of any reduction in the rate of interest obtainable on re-investment.

*Payments into court*

- 9 (1) Where under section 32 any premises are to be discharged from a charge and, in accordance with paragraph 7(1), a person is or may be entitled in respect of the charge to receive the whole or part of the consideration payable, then if—
- (a) for any reason difficulty arises in ascertaining how much is payable in respect of the charge, or
  - (b) for any reason mentioned in sub-paragraph (2) below difficulty arises in making a payment in respect of the charge,
- the nominated person may pay into court on account of the consideration payable the amount, if known, of the payment to be made in respect of the charge or, if that amount is not known, the whole of that consideration or such lesser amount as the nominated person thinks right in order to provide for that payment.
- (2) Payment may be made into court in accordance with sub-paragraph (1)(b) where the difficulty arises for any of the following reasons, namely—
- (a) because a person who is or may be entitled to receive payment cannot be found or ascertained;
  - (b) because any such person refuses or fails to make out a title, or to accept payment and give a proper discharge, or to take any steps reasonably required of him to enable the sum payable to be ascertained and paid; or
  - (c) because a tender of the sum payable cannot, by reason of complications in the title to it or the want of two or more trustees or for other reasons, be effected, or not without incurring or involving unreasonable cost or delay.
- (3) Without prejudice to sub-paragraph (1)(a), the whole or part of the consideration payable shall be paid into court by the nominated person if, before execution of the instrument referred to in paragraph 7(1), notice is given to him—
- (a) that the landlord or a person entitled to the benefit of a charge on the premises in question requires him to do so for the purpose of protecting the rights of

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persons so entitled, or for reasons related to the bankruptcy or winding up of the landlord, or

- (b) that steps have been taken to enforce any charge on the landlord's interest in those premises by the bringing of proceedings in any court, or by the appointment of a receiver or otherwise;

and where payment into court is to be made by reason only of a notice under this subparagraph, and the notice is given with reference to proceedings in a court specified in the notice other than a county court, payment shall be made into the court so specified.

#### *Savings*

- 10 (1) Where any premises are discharged by section 32 from a charge (without the obligations secured by the charge being satisfied by the receipt of the whole or part of the consideration payable), the discharge of those premises from the charge shall not prejudice any right or remedy for the enforcement of those obligations against other property comprised in the same or any other security, nor prejudice any personal liability as principal or otherwise of the landlord or any other person.
- (2) Nothing in this Schedule shall be construed as preventing a person from joining in the instrument referred to in paragraph 7(1) for the purpose of discharging the premises in question from any charge without payment or for a lesser payment than that to which he would otherwise be entitled; and, if he does so, the persons to whom the consideration payable ought to be paid shall be determined accordingly.

## SCHEDULE 2

Section 41.

### AMENDMENTS RELATING TO SERVICE CHARGES

#### *Meaning of "service charge" and "relevant cost"s*

- 1 In section 18(1) of the 1985 Act, for "flat" substitute "dwelling".

#### *Limitation of service charges: reasonableness*

- 2 In section 19 of the 1985 Act—
- (a) in subsection (3), for "flat" substitute "dwelling"; and
- (b) after subsection (4) add—

“(5) If a person takes any proceedings in the High Court in pursuance of any of the provisions of this Act relating to service charges and he could have taken those proceedings in the county court, he shall not be entitled to recover any costs.”

#### *Limitation of service charges: estimates and consultation*

- 3 The following section shall be substituted for section 20 of the 1985 Act—
- “**20** (1) Where relevant costs incurred on the carrying out of any qualifying works exceed the limit specified in subsection (3), the excess shall not be taken into

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account in determining the amount of a service charge unless the relevant requirements have been either—

- (a) complied with, or
- (b) dispensed with by the court in accordance with subsection (9);

and the amount payable shall be limited accordingly.

- (2) In subsection (1) "qualifying works", in relation to a service charge, means works (whether on a building or on any other premises) to the costs of which the tenant by whom the service charge is payable may be required under the terms of his lease to contribute by the payment of such a charge.
- (3) The limit is whichever is the greater of—
  - (a) £25, or such other amount as may be prescribed by order of the Secretary of State, multiplied by the number of dwellings let to the tenants concerned; or
  - (b) £500, or such other amount as may be so prescribed.
- (4) The relevant requirements in relation to such of the tenants concerned as are not represented by a recognised tenants' association are—
  - (a) At least two estimates for the works shall be obtained, one of them from a person wholly unconnected with the landlord.
  - (b) A notice accompanied by a copy of the estimates shall be given to each of those tenants or shall be displayed in one or more places where it is likely to come to the notice of all those tenants.
  - (c) The notice shall describe the works to be carried out and invite observations on them and on the estimates and shall state the name and the address in the United Kingdom of the person to whom the observations may be sent and the date by which they are to be received.
  - (d) The date stated in the notice shall not be earlier than one month after the date on which the notice is given or displayed as required by paragraph (b).
  - (e) The landlord shall have regard to any observations received in pursuance of the notice; and unless the works are urgently required they shall not be begun earlier than the date specified in the notice.
- (5) The relevant requirements in relation to such of the tenants concerned as are represented by a recognised tenants' association are—
  - (a) The landlord shall give to the secretary of the association a notice containing a detailed specification of the works in question and specifying a reasonable period within which the association may propose to the landlord the names of one or more persons from whom estimates for the works should in its view be obtained by the landlord.
  - (b) At least two estimates for the works shall be obtained, one of them from a person wholly unconnected with the landlord.
  - (c) A copy of each of the estimates shall be given to the secretary of the association.
  - (d) A notice shall be given to each of the tenants concerned represented by the association, which shall—
    - (i) describe briefly the works to be carried out,

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- (ii) summarise the estimates,
  - (iii) inform the tenant that he has a right to inspect and take copies of a detailed specification of the works to be carried out and of the estimates,
  - (iv) invite observations on those works and on the estimates, and
  - (v) specify the name and the address in the United Kingdom of the person to whom the observations may be sent and the date by which they are to be received.
- (e) The date stated in the notice shall not be earlier than one month after the date on which the notice is given as required by paragraph (d).
  - (f) If any tenant to whom the notice is given so requests, the landlord shall afford him reasonable facilities for inspecting a detailed specification of the works to be carried out and the estimates, free of charge, and for taking copies of them on payment of such reasonable charge, as the landlord may determine.
  - (g) The landlord shall have regard to any observations received in pursuance of the notice and, unless the works are urgently required, they shall not be begun earlier than the date specified in the notice.
- (6) Paragraphs (d)(ii) and (iii) and (f) of subsection (5) shall not apply to any estimate of which a copy is enclosed with the notice given in pursuance of paragraph (d).
- (7) The requirement imposed on the landlord by subsection (5)(f) to make any facilities available to a person free of charge shall not be construed as precluding the landlord from treating as part of his costs of management any costs incurred by him in connection with making those facilities so available.
- (8) In this section "the tenants concerned" means all the landlord's tenants who may be required under the terms of their leases to contribute to the costs of the works in question by the payment of service charges.
- (9) In proceedings relating to a service charge the court may, if satisfied that the landlord acted reasonably, dispense with all or any of the relevant requirements.
- (10) An order under this section—
- (a) may make different provision with respect to different cases or descriptions of case, including different provision for different areas, and
  - (b) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament."

*Additional limitations on service charges*

4 The following sections shall be inserted in the 1985 Act after the section 20A inserted by paragraph 9 of Schedule 5 to the Housing and Planning Act 1986—

**“20B Limitation of service charges: time limit on making demands.**

- (1) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand

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for payment of the service charge is served on the tenant, then (subject to subsection (2)), the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.

- (2) Subsection (1) shall not apply if, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge.

**20C Limitation of service charges: costs of court proceedings.**

- (1) A tenant may make an application to the appropriate court for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with any proceedings are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application; and the court may make such order on the application as it considers just and equitable in the circumstances.
- (2) In subsection (1) "the appropriate court" means—
- (a) if the application is made in the course of the proceedings in question, the court before which the proceedings are taking place; and
  - (b) if the application is made after those proceedings are concluded, a county court."

*Request for summary of relevant costs*

- 5 (1) Section 21 of the 1985 Act shall be amended as follows.
- (2) In subsection (2), for the words from "there is" to "and the tenant" substitute "the tenant is represented by a recognised tenants' association and he".
- (3) In subsection (5), for the words from "how they are or will be" onwards substitute
- “how they have been or will be reflected in demands for service charges and, in addition, shall summarise each of the following items, namely—
- (a) any of the costs in respect of which no demand for payment was received by the landlord within the period referred to in subsection (1)(a) or (b),
  - (b) any of the costs in respect of which—
    - (i) a demand for payment was so received, but
    - (ii) no payment was made by the landlord within that period, and
  - (c) any of the costs in respect of which—
    - (i) a demand for payment was so received, and
    - (ii) payment was made by the landlord within that period,
and specify the aggregate of any amounts received by the landlord down to the end of that period on account of service charges in respect of relevant dwellings and still standing to the credit of the tenants of those dwellings at the end of that period.



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(5A) In subsection (5) "relevant dwelling" means a dwelling whose tenant is either—

- (a) the person by or with the consent of whom the request was made, or
- (b) a person whose obligations under the terms of his lease as regards contributing to relevant costs relate to the same costs as the corresponding obligations of the person mentioned in paragraph (a) above relate to."

(4) In subsection (6)—

- (a) for the words from the beginning to "another building" substitute "If the service charges in relation to which the costs are relevant costs as mentioned in subsection (1) are payable by the tenants of more than four dwellings"; and
- (b) for "requirement" substitute "requirements".

*Request to inspect supporting accounts etc.*

6 In section 22 of the 1985 Act, after subsection (4) add—

“(5) The landlord shall—

- (a) where such facilities are for the inspection of any documents, make them so available free of charge;
- (b) where such facilities are for the taking of copies or extracts, be entitled to make them so available on payment of such reasonable charge as he may determine.

(6) The requirement imposed on the landlord by subsection (5)(a) to make any facilities available to a person free of charge shall not be construed as precluding the landlord from treating as part of his costs of management any costs incurred by him in connection with making those facilities so available.”

*Effect of assignment on request*

7 In section 24 of the 1985 Act, for "flat" substitute "dwelling".

*Exception where rent is registered and not entered as variable*

8 In section 27 of the 1985 Act, for "flat" substitute "dwelling".

*Meaning of "qualified accountant"*

9 (1) Section 28 of the 1985 Act shall be amended as follows.

(2) In subsection (4)—

- (a) in paragraph (b), for "or employee" substitute ", employee or partner"; and
- (b) after paragraph (c) add—

“(d) an agent of the landlord who is a managing agent for any premises to which any of the costs covered by the summary in question relate;

(e) an employee or partner of any such agent.”

(3) After subsection (5) insert—

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“(5A) For the purposes of subsection (4)(d) a person is a managing agent for any premises to which any costs relate if he has been appointed to discharge any of the landlord's obligations relating to the management by him of the premises and owed to the tenants who may be required under the terms of their leases to contribute to those costs by the payment of service charges.”

*Meaning of 'recognised tenants' association"*

- 10 (1) Section 29 of the 1985 Act shall be amended as follows.
- (2) In subsection (1), for "tenants of flats in a building" substitute "qualifying tenants (whether with or without other tenants)".
- (3) In subsection (4), for "the building is situated" substitute "the dwellings let to the qualifying tenants are situated, and for the purposes of this section a number of tenants are qualifying tenants if each of them may be required under the terms of his lease to contribute to the same costs by the payment of a service charge."
- (4) For subsection (5) substitute—
- “(5) The Secretary of State may by regulations specify—
- (a) the procedure which is to be followed in connection with an application for, or for the cancellation of, a certificate under subsection (1)(b);
  - (b) the matters to which regard is to be had in giving or cancelling such a certificate;
  - (c) the duration of such a certificate; and
  - (d) any circumstances in which a certificate is not to be given under subsection (1)(b).”

*Definitions*

- 11 In section 30—
- (a) omit the definition of "flat"; and
  - (b) in the definition of "tenant", for "flat" substitute "dwelling".

SCHEDULE 3

Section 43(2).

RIGHTS OF TENANTS WITH RESPECT TO INSURANCE

*Construction*

- 1 In this Schedule—
- "landlord", in relation to a tenant by whom a service charge is payable which includes an amount payable directly or indirectly for insurance, includes any person who has a right to enforce payment of that service charge;
- "relevant policy", in relation to a dwelling, means any policy of insurance under which the dwelling is insured (being, in the case of a flat, a policy covering the building containing it); and

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"tenant" includes a statutory tenant.

*Request for summary of insurance cover*

- 2
- (1) Where a service charge is payable by the tenant of a dwelling which consists of or includes an amount payable directly or indirectly for insurance, the tenant may require the landlord in writing to supply him with a written summary of the insurance for the time being effected in relation to the dwelling.
  - (2) If the tenant is represented by a recognised tenants' association and he consents, the request may be made by the secretary of the association instead of by the tenant and may then be for the supply of the summary to the secretary.
  - (3) A request is duly served on the landlord if it is served on—
    - (a) an agent of the landlord named as such in the rent book or similar document, or
    - (b) the person who receives the rent on behalf of the landlord;and a person on whom a request is so served shall forward it as soon as may be to the landlord.
  - (4) The landlord shall, within one month of the request, comply with it by supplying to the tenant or the secretary of the recognised tenants' association (as the case may require) such a summary as is mentioned in sub-paragraph (1), which shall include—
    - (a) the insured amount or amounts under any relevant policy, and
    - (b) the name of the insurer under any such policy, and
    - (c) the risks in respect of which the dwelling or (as the case may be) the building containing it is insured under any such policy.
  - (5) In sub-paragraph (4)(a) "the insured amount or amounts", in relation to a relevant policy, means—
    - (a) in the case of a dwelling other than a flat, the amount for which the dwelling is insured under the policy; and
    - (b) in the case of a flat, the amount for which the building containing it is insured under the policy and, if specified in the policy, the amount for which the flat is insured under it.
  - (6) The landlord shall be taken to have complied with the request if, within the period mentioned in sub-paragraph (4), he instead supplies to the tenant or the secretary (as the case may require) a copy of every relevant policy.
  - (7) In a case where two or more buildings are insured under any relevant policy, the summary or copy supplied under sub-paragraph (4) or (6) so far as relating to that policy need only be of such parts of the policy as relate—
    - (a) to the dwelling, and
    - (b) if the dwelling is a flat, to the building containing it.

*Request to inspect insurance policy etc.*

- 3
- (1) This paragraph applies where a tenant, or the secretary of a recognised tenants' association, has obtained either—
    - (a) such a summary as is referred to in paragraph 2(1), or
    - (b) a copy of any relevant policy or of any such parts of any relevant policy as relate to the premises referred to in paragraph 2(7)(a) or (b),

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whether in pursuance of paragraph 2 or otherwise.

- (2) The tenant, or the secretary with the consent of the tenant, may within six months of obtaining any such summary or copy as is mentioned in sub-paragraph (1)(a) or (b) require the landlord in writing to afford him reasonable facilities—
- (a) for inspecting any relevant policy,
  - (b) for inspecting any accounts, receipts or other documents which provide evidence of payment of any premiums due under any such policy in respect of the period of insurance which is current when the request is made and the period of insurance immediately preceding that period, and
  - (c) for taking copies of or extracts from any of the documents referred to in paragraphs (a) and (b).
- (3) Any reference in this paragraph to a relevant policy includes a reference to a policy of insurance under which the dwelling in question was insured for the period of insurance immediately preceding that current when the request is made under this paragraph (being, in the case of a flat, a policy covering the building containing it).
- (4) Subsections (3) to (6) of section 22 shall have effect in relation to a request made under this paragraph as they have effect in relation to a request made under that section.

*Request relating to insurance effected by superior landlord*

- 4 (1) If a request is made under paragraph 2 in a case where a superior landlord has effected, in whole or in part, the insurance of the dwelling in question and the landlord to whom the request is made is not in possession of the relevant information—
- (a) he shall in turn make a written request for the relevant information to the person who is his landlord (and so on, if that person is not himself the superior landlord),
  - (b) the superior landlord shall comply with that request within a reasonable time, and
  - (c) the immediate landlord shall then comply with the tenant's or secretary's request in the manner provided by sub-paragraphs (4) to (7) of paragraph 2 within the time allowed by that paragraph or such further time, if any, as is reasonable in the circumstances.
- (2) If, in a case where a superior landlord has effected, in whole or in part, the insurance of the dwelling in question, a request under paragraph 3 relates to any policy of insurance effected by the superior landlord—
- (a) the landlord to whom the request is made shall forthwith inform the tenant or secretary of that fact and of the name and address of the superior landlord, and
  - (b) that paragraph shall then apply to the superior landlord in relation to that policy as it applies to the immediate landlord.

*Effect of assignment on request*

- 5 The assignment of a tenancy does not affect the validity of a request made under paragraph 2, 3 or 4 before the assignment; but a person is not obliged to provide a summary or make facilities available more than once for the same dwelling and for the same period.

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*Status: This is the original version (as it was originally enacted).*

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*Failure to comply with paragraph 2, 3 or 4 an offence*

- 6 (1) It is a summary offence for a person to fail, without reasonable excuse, to perform a duty imposed on him by or by virtue of paragraph 2, 3 or 4.
- (2) A person committing such an offence is liable on conviction to a fine not exceeding level 4 on the standard scale.

*Tenant's right to notify insurers of possible claim*

- 7 (1) This paragraph applies to any dwelling in respect of which the tenant pays to the landlord a service charge consisting of or including an amount payable directly or indirectly for insurance.
- (2) Where—
- (a) it appears to the tenant of any such dwelling that damage has been caused—
- (i) to the dwelling, or
- (ii) if the dwelling is a flat, to the dwelling or to any other part of the building containing it,
- in respect of which a claim could be made under the terms of a policy of insurance, and
- (b) it is a term of that policy that the person insured under the policy should give notice of any claim under it to the insurer within a specified period,
- the tenant may, within that specified period, serve on the insurer a notice in writing stating that it appears to him that damage has been caused as mentioned in paragraph (a) and describing briefly the nature of the damage.
- (3) Where—
- (a) any such notice is served on an insurer by a tenant in relation to any such damage, and
- (b) the specified period referred to in sub-paragraph (2)(b) would expire earlier than the period of six months beginning with the date on which the notice is served,
- the policy in question shall have effect as regards any claim subsequently made in respect of that damage by the person insured under the policy as if for the specified period there were substituted that period of six months.
- (4) Where the tenancy of a dwelling to which this paragraph applies is held by joint tenants, a single notice under this paragraph may be given by any one or more of those tenants.
- (5) The Secretary of State may by regulations prescribe the form of notices under this paragraph and the particulars which such notices must contain.
- (6) Any such regulations—
- (a) may make different provision with respect to different cases or descriptions of case, including different provision for different areas, and
- (b) shall be made by statutory instrument.

*Right to challenge landlord's choice of insurers*

- 8 (1) This paragraph applies to a tenancy of a dwelling which requires the tenant to insure the dwelling with an insurer nominated by the landlord.

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*Status: This is the original version (as it was originally enacted).*

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- (2) Where, on an application made by the tenant under any such tenancy, the court is satisfied—
- (a) that the insurance which is available from the nominated insurer for insuring the tenant's dwelling is unsatisfactory in any respect, or
  - (b) that the premiums payable in respect of any such insurance are excessive,
- the court may make either an order requiring the landlord to nominate such other insurer as is specified in the order or an order requiring him to nominate another insurer who satisfies such requirements in relation to the insurance of the dwelling as are specified in the order.
- (3) A county court shall have jurisdiction to hear and determine any application under this paragraph.

*Exception for tenants of certain public authorities*

- 9 (1) Paragraphs 2 to 8 do not apply to a tenant of—
- a local authority,
  - a new town corporation, or
  - the Development Board for Rural Wales,
- unless the tenancy is a long tenancy, in which case paragraphs 2 to 5 and 7 and 8 apply but paragraph 6 does not.
- (2) Subsections (2) and (3) of section 26 shall apply for the purposes of sub-paragraph (1) as they apply for the purposes of subsection (1) of that section.

SCHEDULE 4

Section 61(1).

CONSEQUENTIAL AMENDMENTS

*LAND REGISTRATION ACT 1925 (C.21)*

- 1 In section 49(1) (rules to provide for notices of other rights, interests and claims), at the end add—
- “(h) acquisition orders (within the meaning of Part III of the Landlord and Tenant Act 1987) which in the case of unregistered land may be protected by registration under the Land Charges Act 1972 and which, notwithstanding section 59 of this Act, it may be deemed expedient to protect by notice instead of by caution.”
- 2 In section 64 (certificates to be produced and noted on dealings), at the end add—
- “(6) Subsection (1) above shall also not require the production of the land certificate when a person applies for—
- (a) the registration of a notice of any variation of a lease effected by or in pursuance of an order under section 38 of the Landlord and Tenant Act 1987 (orders by the court varying leases), including any variation as modified by an order under section 39(4) of that Act (effect of orders varying leases: applications by third parties), or
  - (b) the cancellation of any such notice where a variation is cancelled or modified by an Order under section 39(4) of that Act.”

*Status: This is the original version (as it was originally enacted).*

*LOCAL GOVERNMENT ACT 1985 (C.51)*

- 3 In Schedule 13 (provisions with respect to residuary bodies)—
- (a) in paragraph 24—
    - (i) omit "and" in the second place where it occurs, and
    - (ii) at the end add “, and  
paragraph 9(1) of the Schedule.”; and
  - (b) at the end add—
    - “25 A residuary body shall be included among the bodies specified  
in section 58(1) of the Landlord and Tenant Act 1987.”

*HOUSING ACT 1985 (C.68)*

- 4 In section 45 (disposals in relation to which ss.46 to 51 apply, etc.)—
- (a) in subsection (1), for paragraphs (a) to (c) substitute—
    - “(a) the freehold of a house has been conveyed by a public  
sector authority; and
    - (b) the conveyance enabled the vendor to recover from the  
purchaser a service charge.”; and
  - (b) in subsection (2), omit the words from "(a) the" to "; and (b)".
- 5 Omit section 49 (information held by superior landlord).
- 6 In section 50(1) (offences), omit "or 49".

*HOUSING ASSOCIATIONS ACT 1985 (C.69)*

- 7 In section 107(3) (extent), for "section 4(3)(g)" substitute "section 4(3)(ddd) and  
(g) and (4)".

SCHEDULE 5

Section 61(2).

REPEALS

<i>Chapter</i>	<i>Short title</i>	<i>Extent of repeal</i>
1985 c.51.	Local Government Act 1985.	In paragraph 24 of Schedule 13, the word "and" in the second place where it occurs.
1985 c.68.	Housing Act 1985.	In section 45(2), the words from "(a) the" to "; and (b)". Section 49. In section 50(1), the words "or 49".
1985 c.70.	Landlord and Tenant Act 1985.	In section 30, the definition of "flat".